International Journal of Professional Studies http://www.ijps.in

(IJPS) 2016, Vol. No. 1, Issue 1, Jan-Jun **e-ISSN: 2455-6270, p-ISSN: 2455-7455**

RETAIL- A SERVICE MARKETER'S PERSPECTIVE[1]

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INTRODUCTION

What Is Retailing

***Retailing** is all the activities involved in selling goods and services directly to final consumers for their personal, **non-business** use.*

The word *retail* is derived from the French word ***retailer***, meaning to cut a piece off or to break bulk. A retailer buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells individual items or small quantities to the general public or end user customers, usually in a shop, also called store. Retailers are at the end of the supply chain. Marketers see retailing as part of their overall distribution strategy.

Types of Retailing

Retailing can be classified under two heads:

- Store Retailing
- Non-store Retailing

Store Retailing

Retail stores come in a variety of shapes and sizes, and new retail types keep emerging. They can be classified by one or more of several characteristics:

- Amount of service
- Product Line
- Relative Prices
- Control of outlets
- Type of store cluster

[1] *How to cite the article:* Gupta R., Retail: A Service Marketer's Perspective, *International Journal of Professional Studies*, Jan-Jun 2016, Vol 1, Issue 1, 51-67

(IJPS) 2016, Vol. No. 1, Issue 1, Jan-Jun e-ISSN: 2455-6270, p-ISSN: 2455-7455

1) AMOUNT OF SERVICE

Different products require different amounts of service, and customer service preferences vary:

Self-service retailers

Customers are willing to perform their own "locate-compare-select" process to save money. Today, self-service is the basis of all discount operations, and typically is used by sellers of convenience goods (such as supermarkets) and nationally branded, fast moving shopping goods (such as catalog showrooms).

Limited service retailers

Retailers such as Sears and J. C. Penney, provide more sales assistance because they carry more shopping goods about which consumers need information. Their increased operating costs result in higher prices.

Full service retailers

Like specialty stores and first-class department stores, have salespeople to assist customers in every phase of the shopping process. Full service stores usually carry more specialty goods for which customers like to be waited on. They provide more liberal return policies, various credit plans, free delivery, home servicing, and extras such as lounges and restaurants.

2) PRODUCT LINE:

Retailers can also be classified by the ***depth*** and ***breadth*** of their product assortments. The ***depth*** of a product assortment refers to the number of different ***versions*** of each product that are offered for sale. The ***breadth*** of the assortment refers to the number of different ***products*** that the store carries.

Specialty stores carry a *narrow* product line with a *deep* assortment within that line. Examples include stores selling sporting goods, books, furniture, electronics, flowers, or toys. Today, specialty stores are flourishing, due to the increasing use of market segmentation, market targeting, and product specialization.

A ***department store*** carries a wide variety of product lines. Each line is operated as a separate department managed by specialist buyers and merchandisers.

Supermarkets are large, low-cost, low-margin, high-volume, self-service stores that carry a wide variety of food, laundry, and household products.

Convenience stores are small stores that carry a limited line of high-turnover convenience goods. These stores located near residential areas and remain open long hours, seven days a week. Convenience stores must charge high prices to make up for higher operating costs and lower sales volume, but they satisfy an important consumer need.

Superstores, combination stores, and hypermarkets are all larger than the conventional supermarket. Many leading chains are moving toward superstores because their wider assortment allows prices to be 5-6% higher than conventional supermarkets. Combination stores are combinedfood and drug stores. Examples are A&P's Family Marts and Wal-Mart's Super centers. Hypermarkets combine discount, supermarket, and warehouse retailing, and operate like a warehouse -- products in wire baskets are stacked high on metal racks, and forklifts move through aisles during selling hours to restock shelves. They usually give discounts to customers who carry their own heavy appliances and furniture out of the store.

3) RELATIVE PRICES

Retailers can also be classified by the prices they charge. Most retailers charge regular prices and offer normal quality goods and customer service. Some offer higher quality goods and service at higher prices. Retailers that feature low prices include:

Discount stores sell standard merchandise at lower prices by accepting lower margins and selling higher volume. Occasional discounts or specials do *not* make a store a discount store. A true discount store *regularly* sells its merchandise at lower prices, offering mostly national brands, not inferior goods.

In recent years, facing intense competition from other discounters and department stores, many discount retailers have "traded up" by improving their decor, adding new lines and services, and opening suburban branches. This, of course, has led to higher costs and prices. With the discounters trading up, ***off-price retailers*** have moved in to fill the low-price, high-volume gap. They obtain a changing and unstable collection of higher-quality merchandise, often leftover goods,overruns, and irregulars at reduced prices from manufacturers or other retailers. The three main types of off-price retailers are ***factory outlets, independents,*** and ***warehouse clubs*****.**

4) CONTROL OF OUTLETS:

About 80% of all retail stores are independents, accounting for 2/3 of retail sales. Other forms of ownership include the ***corporate chain***, the ***voluntary chain and retailer cooperative***, the ***franchise organization***, and the ***merchandising conglomerate***.

The ***chain store*** is one of the most important retail developments of this century.

Corporate chains appear in all types of retailing, but they are strongest in department, variety, food, drug, shoe, and women's clothing stores. The size of corporate chains allows them to buy in large quantities at lower prices, and chains gain promotional economies because their advertising costs are spread out over many stores and over a large sales volume.

The great success of corporate chains caused many independents to band together under contractual associations.

The ***voluntary chain*** is a wholesaler-sponsored group of independent retailers that engages in-group buying and common merchandising.

(IJPS) 2016, Vol. No. 1, Issue 1, Jan-Jun **e-ISSN: 2455-6270, p-ISSN: 2455-7455**

The ***retailer cooperative*** is a group of independent retailers that set up a jointly- owned central wholesale operations and conduct joint merchandising and promotion efforts.

A ***franchise*** is a contractual association between a manufacturer, wholesaler, or service organization (the franchiser) and independent businesspeople (the franchisees) who buy the right to own and operate one or more units in the franchise system. Franchising has been prominent in fast- food companies, motels, gas stations, video stores, auto rentals, hair cutting salons, real estate, and dozen of other goods and services. The compensation received by the franchiser may include an initial fee, a royalty on sales, lease fees for equipment, and a share of the profits.

Merchandising conglomerates are corporations that combine several different retailing forms under central ownership and share some distribution and management functions. Examples include Dayton-Hudson and J. C. Penney.

5) TYPE OF STORE CLUSTER:

Most stores today cluster together to increase their customer pulling power and to give consumers the convenience of one-stop shopping:

Central business districts A central business district comprises of banks, department stores, specialty stores, and movie theatres.

A ***shopping center*** is a group of retail businesses planned, developed, owned, and managed as a unit.

Non-Store Retailing

Although most goods and services are sold through stores, non-store retailing has been growing much faster than store retailing.

Traditional store retailers are facing increasing sales competition from catalogs, direct mail, telephone, home TV shopping shows, on-line computer shopping services, home and office parties, and other direct retailing approaches.

Non-store retailing includes ***direct marketing, direct selling,*** and ***automatic vending.***

Direct Marketing vehicles are used to obtain immediate orders directly from targeted consumers. Although direct marketing initially consisted mostly of direct mail and mail-order catalogs, it has taken on several additional forms, including telemarketing, direct radio and TV, and on-line computer shopping. Its growing use in consumer marketing is largely a response to the "demassification" of mass markets, which has resulted in an increasing number of fragmented market segments with highly individualized needs.

Automatic Vending is not new. In 215 B.C., Egyptians could buy sacrificial water from coin-operated dispensers. Vending machines are found everywhere; compared to store retailing, vending machines offer consumers greater convenience 24 hours a day, and have replaced many services formally requiring a human interface. The expensive equipment and labor required to stock and service vending machines makes this a costly channel of distribution, and prices of vended goods are often 15-20% higher than those in retail stores.

Direct Selling, or door-to-door retailing, started centuries ago with roving peddlers. Today, it has grown into a huge industry, with more than 600 companies selling their products door-to-door, office-to-office, or at home-sales parties. Although some direct selling companies are thriving, door-to-door selling has a somewhat uncertain future.

RETAIL INDUSTRY: AN OVERVIEW

THE GLOBAL RETAIL INDUSTRY: AN OVERVIEW

The global retail industry has traveled a long way from a small beginning to an industry where the world wide retail sales alone are today valued at $ 7 trillion (Source: 2003 Global Retail Report, Deloitte Touché Tohmatsu). The top 200 retailers alone account for 30% of worldwide demand. Retail sales being generally driven by people's ability (disposable income) and willingness (consumer confidence) to buy, compliments the fact that the money spent on household consumption worldwide increased 68% between 1980 and 2005.

GLOBAL 200 HIGHLIGHTS

The leader has in-disputably been the USA where some two-thirds or $ 6.6 trillions out of the $10 trillions American economy is consumer spending. About 40% of that ($ 3 trillions) is spending on discretionary products and services. Retail turnover in the EU is approximately Euros 2000 billion and the sector average growth looks to be following an upward pattern. The Asian economies (excluding Japan) are expected to grow at 6% consistently till 2007-08. Positive forces at work in retail consumer markets today include high rates of personal expenditures, low interest rates, low unemployment and very low inflation. Negative factors that hold retail sales back involve weakening consumer confidence. Retail has played a major role world over in increasing productivity across a wide range of consumer goods and services. The impact can be best seen in countries like U.S.A., U.K., Mexico, Thailand and more recently China. Economies of countrieslike Singapore, Malaysia, Hong Kong, Sri Lanka and Dubai are also heavily assisted by the retail sector.

Retail… Has Evolved

On the Global Retail Stage, little has remained the same over the last decade. One of the few similarities with today is that Wal-Mart was ranked the top retailer in the world then and it still holds that distinction. Other than Wal-Mart's dominance, there's little about today's environment that looks like the mid-1990s. The global economy has changed, consumer demand has shifted, and retailers' operating systems today are infused with far more technology than was the case six years ago.

Beyond Borders: High Potential In Emerging Markets

Saturated home markets, fierce competition and restrictive legislation have relentlessly pushed major retailers into the globalization mode. Since the mid-90s, countless Governments have opened up their economies to free markets & foreign investment that has been a plus for many a retailer. Also, emerging markets have been witnessing growing urbanization leading to significant shifts in consumer demand and behavior significant concentrations of consumers capable of supporting large-scale formats, such as supermarkets and hyper marts. The potential in them is thus being unleashed with major western retailers expanding their operations there. However, a more near-term concern, has been the global economic slowdown that has resulted from dramatic cutbackin corporate IT and other types of capital spending. Consumers themselves have become muchmore price sensitive and conservative in their buying, particularly in the more advanced economies.

Retail- Technology Driven

Retailing is a `technology-intensive' industry. Everyday, at least 500 gigabytes of data are transmitted via satellite from the 1,200 point-of-sales counters of JC Penney to its corporate headquarters. Successful retailers today work closely with their vendors to predict consumer demand, shorten lead times, reduce inventory holding and thereby, save cost. Thus, key differentiator between the successful and not so successful retailers is primarily in the area of technology.

Wal-Mart pioneered the concept of building a competitive advantage through distribution and information systems in retailing & introduced 2 innovative logistics techniques - Cross-Docking & EDI. Today, online systems link point-of-sales terminals to the main office where detailed analyses on sales by item, classification, stores or vendor are carried out online. Besides vendors, the focus of the retailing sector is to develop the link with the consumer. `Data Warehousing' is an established concept in the advanced nations. With the help of `database retailing', information on existing and potential customers is tracked. Besides knowing what was purchased and by whom, information on softer issues such as demographics and psychographics is captured.

Retailing- Demand Based

With all the emphasis on technology and cost-cutting, a major thrust of retailers continues to be demand-based: finding new markets through globalization efforts. Four years ago, more than half (53 per cent) of the top 200 retailers operated in only one country. Today, only 44 per cent remain single-country merchants. This globalization trend can only intensify in the years ahead. The benefits of increased sales and greater economies of scale are too large to be ignored.

Localize or be Driven Out

Local knowledge is critical. There are many examples where the retailer, who has localized the most, to suit the natives, has gone on to garner a major market share in that market. Carrefour's success in China is such a case in point.

Value Proposition – Dominance of Intangibles like Quality & Experience

With over 6 billion global consumers, the complex challenge for retailers today is to efficiently locate, understand and serve those individuals who are most likely to purchase their products on an ongoing basis. And in today's retail scenario of high homogeneity, it has become imperative for retailers to offer a value proposition that customers can't refuse. This can be done through relationship programs, loyalty schemes among various other things. Value doesn't only mean providing it cheap; it also includes the quality of service and the overall experience among various other things; like the French retail industry, where in spite of the presence of discounters like Aldi and Lidl, customers still prefer to shop in Auchan or Carrefour because they like the ambiance and their service. So we can safely predict that as the market matures, intangibles like quality and experience will be bigger drivers of retail growth.

Internet: Online Retailing

Internet has revolutionized the retail industry. The concept of "non-store" shopping has emerged and retailers can today display full inventory online with wastage still minimum, availability status easy to check, and trouble-free-efficient logistic support. It also facilitates the multi-channel experience for shoppers, allowing them to order, buy and return in the most convenient venue. Thus, many retailers have come up with their shopping websites or tied up with multi-brand ones. However, with poor financial performance of many net shopping companies, security and payment issues, and absence of ability to "touch and feel" products, is a concern.

Radio Frequency Identification (RFID)

The RFID tags lets the retailers keep a hawk eye watch on the supply chain, reducing shrinkage, wastage and also helping to decide which product is in demand, so that customer is serviced effectively. Already major retailers are rapidly using this technology to improve the time to market.

(IJPS) 2016, Vol. No. 1, Issue 1, Jan-Jun e-ISSN: 2455-6270, p-ISSN: 2455-7455

Continuous Dynamism

Successful retailers are adapting and evolving their strategies to compete in this rapidly changing retail landscape. While traditional retail concepts may be declining, the fundamentals of the industry remain. Retailers therefore need to be progressive, while staying focused on the brand and what it truly represents to their core customers.

In Sync with Rapidly Changing Consumer Demand

The retail industry enjoys a stable position in the domestic and global economy. Nonetheless, it has had to weather the effects of an economic downturn in recent years as well as adapt to changes in retailing practices and, in particular, consumer behavior. Customers are demanding more from retailers than quality merchandise at competitive prices.

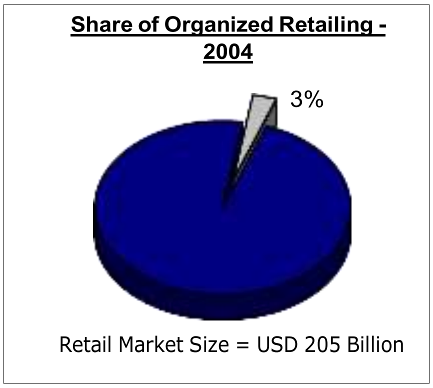
First Mover Advantage

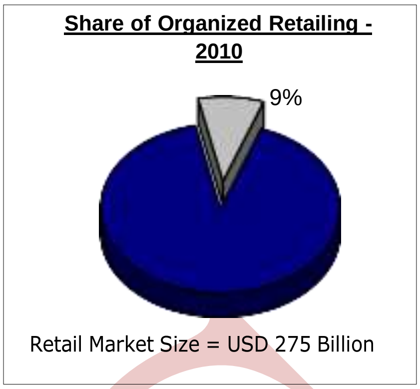
In retail industry, first-mover advantage is crucial, because in that case one can get the best real estate at the best prices, developing partnerships with the best suppliers/distributors, & moreimportant, develop relationships with customers.

INDIAN RETAIL INDUSTRY

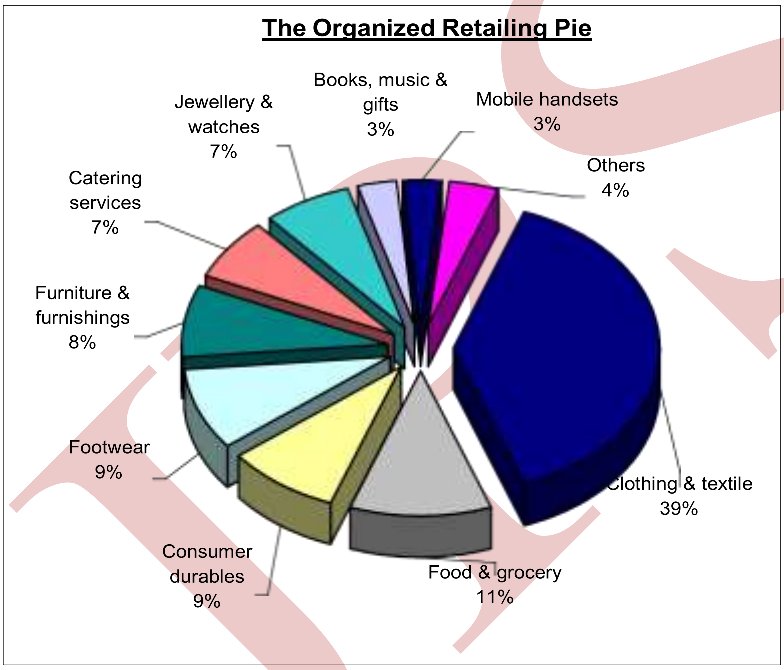
Retailing in India is one of the significant contributors to the Indian economy and accounts for 35% of the GDP. However, this sector is in a fragmented state with over 12 million outlets operating in the country and only 4% of them being larger than 500 sq ft in size. This is in comparison to 0.9 million outlets in USA, catering to more than 13 times of the total retail market size. Thus, India has the highest number of outlets per capita in the world with a widely spread retail network but with the lowest per capita retail space (@ 2 sq ft per person as compared to 16 sq ft per person for USA).

The Indian retailing industry is currently estimated at $205 b (Rs.930, 000 Crores) and is expected to grow at 5% p.a. The current size of the organized retailing market is $6 b (Rs.28,000 Crores), thereby, a mere 3% of the total retailing market with a projected growth rate of 25 – 30% p.a. and is estimated to become $8 b (Rs.35,000 Crores) by 2005 and $24 b (Rs.100,000 Crores) by 2010, with its contribution to total retailing sales likely to rise to 9% by decade end.





Source – KSA Technopak Research



Source **–** KSA Technopak Research

MARKETING MIX OF RETAIL

What is Marketing Mix of a Service

A service's marketing mix refers to all the associated variables of the service operation that have an impact on its delivery.

These variables consist of 7P's, which are the following:

1. **Product** – The various attributes associated with the respective service
2. **Place** – The distribution system incorporated
3. **Price** – The basis of pricing the service

4. **Promotion** – The communication Mix of the service
5. **People** – Role of employees and other associated people on the service experience
6. **Process** – Various steps involved in producing a service
7. **Physical Evidence** - The components of the physical environment that have a bearing on the service delivery

These variables together are also called ***Extended Marketing Mix***.

The Traditional Marketing Mix only relates to the first 4 Ps mentioned above and related to products only. However, the Service Sector of the Global Economy has today gradually come to dominate the economic activity as a whole and the additional 3 Ps is particularly relevant in today'sfast paced, customer-oriented corporate world.

These 7 Ps - price, product, place, promotion, physical presence, provision of service, and processes comprise the Modern Marketing Mix That is particularly relevant in service industry, but is also relevant to any form of business where meeting the needs of customers is given priority.

Getting the mix of these elements right enables the organization to meet its marketing objectives and to satisfy the requirements of customers.

This framework can be used to analyze the competitive standing of a business organization and how the outcome of this analysis can then be translated into practical tactics which capitalize on the organization's strengths.

Services' Marketing Mix of Retail

This section would discuss the 7 P s of Retail, in particular, with special reference to Multi-Product Modern Retail Format.

PRODUCT

The ***Product*** in this case becomes the style of delivery of the retailing service that is unique to the store. Here we need to address 2 questions: Q1. What are buyer really purchasing & Q2. What business are we in?

These 2 questions can be answered if we understand that the store offers not just a product but also supplementary services which help it differentiate from other stores.

For a retailer the core product lies in the fact that it offers a place where various manufacturers can place their goods for customers to come and buy. Thus, a retailer offers a place to the value chain. Thus, this forms its core product.

(IJPS) 2016, Vol. No. 1, Issue 1, Jan-Jun e-ISSN: 2455-6270, p-ISSN: 2455-7455

The Service Offering Model for the stores would help a service marketer to understand and make the core product and the supplementary services, this model we will depict diagrammatically the following:

Core product
- Nature
- Customer role
- Service level

Supplementary Services
- Nature
- Customer role
- Service level

Identify tangible and the non tangible

PROMOTION

Promotions, for a retailer can take a number of forms, but in some cases it might be unnecessary as well. It all depends upon the objectives of the retailing firm. Since its services are intangible in nature the communication strategy has to have a balanced mix of various elements.

For service organization these are particularly important because these help in creating a powerful image and a sense of credibility, confidence, and reassurance. Communication can be done through internal instruments and through external instruments.

These communications help in nurturing the corporate image as well as internal culture of the organization. The communication mix available to a retailer are as follows containing the list of variables that need to be observed:

1. Personal communications
   - Selling
   - Customer service
   - Training
   - Telemarketing
   - *Word of mouth*
2. Advertising
   - Broadcast
   - Print
   - Internet
   - Outdoor
   - Direct mail
3. Sales Promotion
   - Sampling
   - Coupons

- Gifts
- Sign up rebates
- Prize promotions

4. Publicity and PR
   - Press release
   - Press conference
   - Special events
   - Sponsorships
   - Trade shows exhibitions
   - *Media initiated coverage*

5. Instructional materials
   - Web sites
   - Manuals
   - Brochures
   - CD/ video/ audio

6. Corporate design
   - Interior
   - Signage
   - Vehicles
   - Equipment
   - Stationery
   - Uniforms

PLACE

The retailer has to make serious decisions regarding the **Place**; the retailer has to think about the right place to open the store and the right time to open one.

For example, some time back there used to a store by the name Nanz, but it failed to woo the customers and finally had to shut down. The basic reason was that the people were not ready for such a shopping experience, they found it expensive and there were fewer footfalls. It was also inconveniently located and people had to travel from far of places to shop.

The retailer has to make decisions on the places to be delivered and the times when it is available. He/she has to take into account the locational constraints and decide whether they have to be located in multiple sites or not. They also need to decide whether they should be located in housing societies or should be placed in suburbs.

(IJPS) 2016, Vol. No. 1, Issue 1, Jan-Jun e-ISSN: 2455-6270, p-ISSN: 2455-7455

Retailers now a day also have to decide whether they would like to be available on the internet and use e commerce to tap the untapped potential, by luring customers into virtual stores.

The other aspect of place is to understand the role of suppliers to the retailers.

PEOPLE

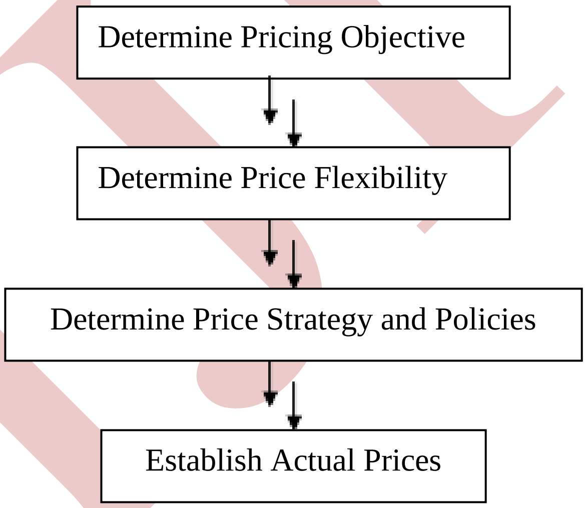
Services require a greater emphasis on human resources than does any other form. Closer supervision of sales and service is necessary. To maintain control and ensure quality, the employer needs to conduct employee performance reviews more frequently.

Retail, being a high-contact service, lays great stress on the service personnel, especially the front line ones. As they interact directly with the customer, they are the face of the organization, and their behavior is a key determinant in customer loyalty & competitive advantage, and therefore plays an important role in the service- profit chain.

Successful retail organizations are committed to effective management of human resources.

PRICING

Like in other products and services, pricing in retail is also a very crucial factor and thus a multi-stage process.



As shown above, it begins with deciding the pricing objective, which can vary from skimming the market for retailing a niche product, to expanding volumes by targeting marketing penetration, to expanding revenues/profit/ cash flow/ by aiming for a higher ROI or a branding and market perception objective, to which the price of the respective good/service is closely linked.

The next step is to determine the price flexibility which again is a 3 step process. It begins with understanding the costs involved, which can easily be ascertained from the records or the RIS (Retail Information System). After ascertaining the costs, it is important to understand the level of demand of the product which is a relative measure vis-à-vis the competing rival brands. This demand analysis brings out the upper and lower price limits. The wider these limits the more flexible the price is said to be. However, where to place the final price between these limits is, to a large extent ascertained by the elasticity of demand, which in layman's language is the degree of change in the quantities sold in response to a unit change in price.

Though usually the retailer prices his products at MRP, if he is not selling his own brand (this is what usually happens in modern multi-product retail formats), but the discount mania is hitting the world where more resources are concentrated on cheap sourcing to cut prices beyond MRP than on actually servicing the customer.

However, brand retailers can price their product keeping in mind various criterion like competition etc… which are individually discussed in the following chapters when we discuss the different retail formats.

PHYSICAL EVIDENCE

"A retailer is better defined by how he sells than what he sells."

The physical environment and evidence provided by the retailer is as important as the product sold by a retailer. It helps to differentiate retailers from each other.

The physical evidence is important because:

- Helps in shaping first impression
- Defines the image of a retailer
- Provides sensory stimuli
- Facilitates quality of service
- Creates value proposition
- Facilitates service encounter and enhances productivity

Physical Environment

- **Ambient Factors**
  These factors include air, temperature, quality of scent, humidity, degree of circulation.

- **Design Factors**
  These factors include aesthetics, colour, shape, size, style, functional dimension of design in terms of layout, comfort.

- **Social Factors**
  These factors primarily consist of appearance, number of service personnel, behavior, quality of other customers.

- **Convenience Factors**
  These factors are primarily designed to make shopping easy for customers like lifts, elevators, shopping baskets etc.

Design Elements for Retail Store

- Exterior Facilities
- General Interior
- Interior Displays
- Social Dimensions

PROCESS

Retail is a high contact service wherein the customer has to be inside the service organization to avail the service.

The level of customer participation is high, especially in the modern forms of retailing which constitute a major element of self-service technologies. With a high degree of customer involvement, the blue print of a retail organization includes all activities from the time a customer enters the shop to the time he makes the payment and leaves the service provider.

It is difficult however to make a standard blue print for retailing as a whole as every retailing format follows a different approach.

EMERGING TRENDS IN INDIAN RETAIL INDUSTRY

'Tier-II' Phenomenon

Small towns with a population of 0.5 – 1 million {*like Surat, Lucknow, Dehra Dun, Vijaywada, Bhopal, Indore, Vadodara, Coimbatore, Nasik, Bhubaneswar, Varanasi, and Ludhiana etc*}, are witnessing a defined increase in disposable income coupled with high aspirational levels leading to enhanced spending on consumer goods along with lesser aversion to credit. With consumption in metros already being exploited {85% of retail sales as of now}, these Tier-II areas are fresh targets and are expected to contribute 20-25% of organized retailing sales.

Retailers are introducing contemporary retail formats such as hypermarkets and supermarkets in these new pockets of growth. Mall development activity in these small towns is also picking up, creating quality space for retailers to fulfill their aggressive expansion plans. Keeping in view the relatively smaller size of the market, the average size of a retail mall in Tier-II cities ranges between100,000–120,000 square feet in comparison with the larger metros where a number of malls measure over 500,000 square feet.

Entry of International Players

The fight today is not between Big organized retail stores (3%) and Unorganized Kirana Shops (97%), but it's between global giants like Wal-Mart, Tesco and Shopper's Stop, Pantaloons. Entry of these global players will impact the way India Retailers operate, as much as it will change the way Indian consumers live and do their shopping. They will no longer be just dependent on their local *Kirana* shop for their everyday needs. They could just shop once a week or once a month at comparatively cheaper rates and remain hassle free. Indian retailer will also need to quickly come to terms with the market realities. On one hand they will fight size factor and on the other hand great efficiencies

Emergence of New Retail Formats

Currently the retail sector in India is populated with the traditional mom-and-pop stores and some 1000 odd supermarkets under organized retail chains. A daring few ventured into the Hypermarket segment with successful results and this format is being fast replicated by other players. This experience indicates that the Indian consumer has matured to the next level of shopping experience. Given the Indian conditions and the vast diversity a single format may not be possible for the national presence, but region specific formats may evolve. An interesting observation is that of lack of presence of organized retail chains in the rural/semi-urban centers as over 60% of Indianpopulation is still in these parts. An ideal "no frills" model to start with would be ideal for the rural markets; this would help to take them to the next level of supermarket experience.

Specialty Malls

Keeping in mind the astonishing pace with which new supply is expected to enter the market, many mall developers, in a bid to offer a distinctive value proposition, are planning to develop "specialty malls". These niche developments shall emerge as one-stop destinations in their chosen product categories. The Delhi-based Aerens Group has developed Gold Souk, an exclusive jewellery mall that is already operational in Gurgaon and has ambitious plans to replicate the concept across the country. Further, a number of analogous developments like a "Wedding Mall" by Omaxe Group, "Automobile Mall" etc are also in the offing. In line with international trends, "Home Malls" offering the entire range of building and interior décor solutions are also coming up in various parts of the country including Pune ("Ishanya" promoted by Deepak Fertilizers and Petrochemicals Corporation Ltd), Gurgaon & Kolkata.

Traditional Retailers in Malls

The abundant supply of retail space has provided retailers with the leeway to experiment with newer formats and product categories. Even traditional retailers like Benzer, Study by Janak, Mehrason's Jewellers etc are being pushed to modern retailing formats like shopping malls. Mall developers shall have sufficient incentive to operate on a revenue-sharing pricing model as many of these traditional retailers can generate higher sales per square foot as compared to the larger-format department stores, which shall translate into higher revenue realizations for developers.

Transformation & Innovations of Supply Chain and Transportation logistics

To counter the unbeatable advantages of convenience of a hop, skip and a jump access and home delivery, organized retailers seem to have just one option - offer attractive prices to the consumer. A successful retailer's winning edge will therefore come from sourcing - how best it can leverage its scale to drive merchandise costs down, increase stock turns and get better credit terms fromvendors. Efficient supply chains can achieve this objective and fuel demand. The supply chain in India is full of inefficiencies - a result of inadequate infrastructure, too many middlemen, complicated laws and an indifferent attitude. However, they are gradually getting more maturedwith logistics service providers encouraged to innovate newer formats and models. The logistics service providers have begun to come out with innovative customized solutions for the retail chains like GATI's model for distribution of Alphonso mangoes throughout India with IT support.

Supplier Retailer Relationships

Organized retail increasing its presence, the traditional national distributor-regional wholesaler-end retailer relationships are gradually getting streamlined. However this new model has been affecting the relationships that the manufacturer enjoys with the traditional system which is still the most dominant in the entire retail sector. The issue of differential pricing is being taken up at several forums and the growing dissatisfaction among the traditional retailers is being addressed by the manufacturers. However we see that in the long term, the role of a national distributor would slowly fade away or get restricted to the rural/ upcountry regions. The supplier-retailer relationship would come under severe pressure as each would try to squeeze maximum margins out of other.

More use of Technology

Retailing, as discussed before, is at a nascent stage in India. The complicated information systems and underlying technologies are in the process of being established. Most grocery retailers like Food World have started tracking consumer purchases through CRM. The lifestyle retailers through their `affinity clubs' and `reward clubs' are establishing their processes. The traditional retailers will always continue to exist but organized retailers are working towards revamping their business to obtain strategic advantages at various levels - market, cost, knowledge and customer. With differentiating strategies - value for money, shopping experience, variety, quality, discounts, advanced technologies, change in the equilibrium with manufacturers and a thorough understanding of the consumer behavior, the ground is all set for the organized retailers.