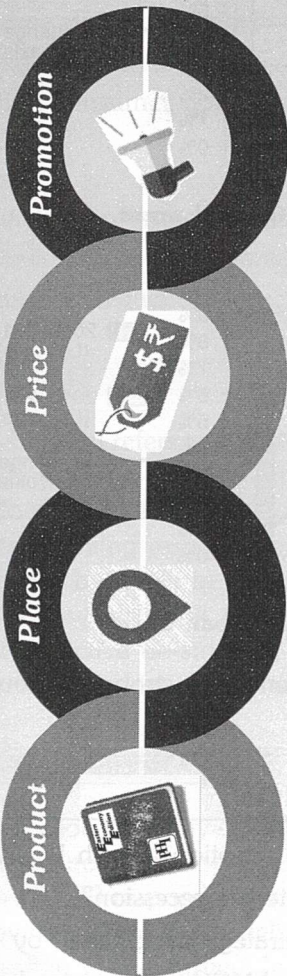


RETAIL INDUSTRY

MARKETING



Retail is the sale of goods and services from individuals or businesses to the end-user, and retailers are part of an integrated system called the supply chain. A retailer purchases goods or products in large quantities from manufacturers directly or through a wholesaler, and then sells smaller quantities to the consumer for a profit. Retailing can be done in either fixed locations like stores or markets, or can be done door-to-door or by delivery. Retailing includes subordinated services, such as delivery. The term 'retailer' is also applicable, where a service provider services the needs of a large number of individuals, such as the public.

ORIGIN OF RETAIL IN INDIA

When man started to cultivate and harvest the land, he would occasionally find himself with a surplus of goods. Once the needs of his family and local community were met, he would attempt to trade his goods for different goods produced elsewhere. Thus, markets were formed. These early efforts to swap goods developed into more formal gatherings. When a producer who had a surplus could not find another producer with suitable products to swap, he may have allowed others to owe him goods. Thus, early credit terms would have been

developed. This would have led to symbolic representations of such debts in the form of valuable items (such as gemstones or beads), and eventually money.

STAGES IN INDIAN RETAIL INDUSTRY

Indian retail industry has witnessed many stages, which are shown in Table 1.

TABLE 1 Stages in Indian Retail Industry

<i>Stages</i>	<i>Period</i>	<i>Description</i>
Initiation	Pre 1990s	<ul style="list-style-type: none"> • Manufacturers opened their own outlets
Conceptualisation	1990–2005	<ul style="list-style-type: none"> • Pure play retailers realised the potential of the market • Most retailers in apparel segment
Expansion	2005–2010	<ul style="list-style-type: none"> • Substantial investment commitments by large Indian corporates • Entry in food and general merchandise category • Pan-India expansion to top 100 cities • Repositioning by existing players
Consolidation	2010 onwards	<ul style="list-style-type: none"> • Large scale consolidation • Movement to smaller cities and rural areas • More than 5–6 players with revenues more than US\$ 700 millions • Large scale entry of international brands • FDI in single brand retail up to 100% from 51% • Plans a foot to push FDI limit in multi-brand retail up to 51%

SWOT ANALYSIS FOR INDIA'S RETAIL INDUSTRY

Strength

- Emerging retail formats like malls, hyper/supermarkets and specialty stores which provide products, services and entertainment at one place.
- Indian consumers have high disposable incomes, which translate into high consumption level.
- Large number of earning young population.
- Growth of real-estate and improvement in infrastructures.
- Huge agricultural sector offering an abundance of raw materials.

Weaknesses

- Demographic differences between the regions require a regionally adjusted business.
- Presence of a significant number of strong and well-established players in the sector limits markets entry potential.

- Relatively small domestic market limits growth opportunities.
- High real estates and distribution costs are the obstacles for growth of retail in India.

Opportunities

- Increasing awareness of consumers about products and services.
- Changing consumers' requirement and lifestyles.
- Innovation for new product development.
- Private label has been boosted by economic downturn.

Threats

- Economic slowdown is having an adverse effect on consumer spending.
- Rigid government policies and regulations restrict the entry of new players.
- Price competition amongst retailers puts downward pressure on margins.
- Entry of foreign player in Indian market limits the opportunity of domestic player.

ISSUES FOR DISCUSSION

1. Examine the causes and scenario that lead to the expansion and consolidation of the Indian Retail Industry.
2. Examine the effect of FDI in Indian Retail.
3. Do a SWOT analysis for a foreign player, set to enter the Indian market.
4. Devise a marketing strategy for the foreign player to gain acceptability in the Indian market.