



"A Strategy Analysis of Retail Marketing in India."

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Abstract

The essential features and basic concepts of retail marketing are explored in depth in this extensive research work. New retail formats in India, the state of the Indian retail industry, the difficulties encountered by organized retail sectors, and the solutions implemented by these businesses are all subjects that this article intends to investigate and examine. Along with analyzing and discussing the expansion of retail marketplaces in ASEAN nations, this research study aims to comprehend and analyze a range of consumer patterns inside these economies. It goes on to discuss the possibilities and threats facing the Indian retail industry as well as retail marketing management. Additionally, the article aims to explore and examine many aspects of retail marketing, offering insights into the intricacies and dynamics of the retail business.

Keywords : retail, marketing, format, industry, organized retailing, marketing strategy, markets, consumer trends, and promotion management in the retail sector.

INTRODUCTION

The field of retail marketing has experienced significant transformations over the past few decades, particularly marked by the rapid emergence of new retail formats. In India, the retail sector has witnessed a notable shift in growth and investment dynamics, with both new entrants and established players experimenting with various retail formats. Hypermarkets and supermarkets have gained popularity in the current market landscape.

By allowing the free flow of products and services across borders, globalization has greatly influenced the transformation of retail forms on a global scale. Foreign organized merchants now have easier access to India because of loosened government rules, which has increased competition and pushed retailers to provide better products and services to customers. A number of interested parties have taken notice of the retail industry in India because of its promising future and the high expectations placed on it. The Global Retail Development Index 2015 projects that by 2020, the retail industry in India would be worth \$1.3 trillion. Consumer preferences are shifting all throughout the world, but notably in the economies of the Association of Southeast Asian Nations (ASEAN).

While India's retail sector is still in its nascent stage, it holds immense potential for future growth. The transition from unorganized to organized retail formats has garnered interest from corporate giants and large business houses, leading to a focus on studying and analyzing consumer behavior in modern India. There is a potential opportunity to explore the retail prospects for locally produced agricultural products in India, drawing insights from positive outcomes observed in other regions such as Alaska. The debate surrounding

However, addressing the unique challenges posed by rural markets, where a majority of consumers are served by unorganized retailers, requires a tailored rural retail strategy from organized retailers.

LITERATURE REVIEW

Numerous studies have contributed valuable insights into various aspects of retail marketing, retailing, and consumer behavior. Over the past few decades, the retail sector has witnessed significant transformations influenced by changing demographics, social developments, and the entry of major players such as Walmart, Kmart, and Carrefour.

The Indian retail sector has emerged as one of the largest markets globally, attracting considerable attention from experts and rating agencies. Despite rapid growth and government initiatives such as Foreign Direct Investment (FDI), organized retailing faces challenges in rural areas where unorganized retail remains dominant (Kanwaljeet, 2015).

Understanding the fundamentals of retail and retailing is essential for effective retail marketing. Retailing facilitates the exchange of goods and services between consumers and sellers, offering opportunities for both parties to meet their needs (Singh, 2014).

Advertising and promotion are crucial elements of retail marketing, particularly in the face of intense competition, changing market dynamics, and evolving consumer expectations (Karve).

The debate surrounding FDI in India's retail sector has gained prominence since 2010. The transition from unorganized to organized retail formats, including departmental stores and supermarkets, is reshaping the industry landscape. The government's support for organized retail expansion underscores its potential for growth (Pavithra, 2012).

Rural retailing cannot be overlooked, considering that over 70% of India's population resides in rural areas. The rural market presents significant opportunities for retailers willing to expand their reach, given the rising purchasing power and living standards (Bansal, Maan, Rajora, 2013).

Understanding consumer buying behavior is crucial for retail marketers operating in organized retail outlets. Factors such as product availability, service quality, and store layout influence consumer preferences. Retail stores offering discounts, a diverse product range, and convenience tend to be preferred by consumers (Sangvikar & Katole, 2012).

A. Research Type:

The study is entirely analytical in character and is based on data and facts gathered from various sources.

B. Research Objective:

To determine which aspects of retail marketing are most likely to be influential in the years to come, this study will first take a close look at the foundational components of this field.

III. AN OVERVIEW OF RETAIL INDUSTRY WORLDWIDE:

Retail is a dominant sector globally, playing a pivotal role in enhancing the productivity of various goods and services. Notably, countries such as Mexico, the United Kingdom, China, Thailand, and the United States have witnessed substantial growth in this sector. Additionally,

Dubai, Hong Kong, Sri Lanka, Malaysia, and Singapore have made significant contributions to its expansion. In the United States, retail stands as the second-largest industry in terms of the number of outlets and employment opportunities. With approximately 22 million people employed across the country, the sector generates an impressive annual revenue of \$3 trillion.

A. Retail Potential in India:

The retail industry holds significant prominence in India, contributing to nearly 10% of the country's GDP and employing approximately 80% of the workforce. While the sector is undergoing a significant transition, characterized by rapid growth and the emergence of numerous players, it remains largely

unorganized compared to developed nations. However, this presents a substantial opportunity for the establishment of organized retail outlets, attracting investments from domestic and international entities. The allure of capturing the organized retail segment is further underscored by India's position as the world's second-largest consumption base. This factor, coupled with the industry's dynamic growth trajectory, promises high returns for companies venturing into the organized retail sector.

B. Role of Consumer Trend for Retail Marketing in India:

At over 54% of the total, India's population is under the age of 25, making it the most youthful nation in the world. Looking at the bigger picture also shows that almost 80% of the population is under the age of 45. About 192 million people live in India's homes, as stated in the country's Marketing White Book (2006), which was published by Business World. About 6 million of these families have an income of 2,15,000 rupees, while the other 75 million have incomes between 45,000 and 2,15,000 rupees. Organized merchants have a great chance to capitalize on this large market of 75 million homes by meeting their demands and earning potentially huge collective profits.

C. Major Constituents that Drive Unorganized and Organized Retail Industry:

The unorganized retail sector in India thrives on several key factors, including its ability to generate employment opportunities due to its large number of outlets. Additionally, this sector requires minimal investment and labor compared to organized retail, further contributing to its growth. Other factors sustaining the unorganized retail sector include convenient locations, widespread accessibility, and the availability of credit purchase facilities. On the other hand, the organized retail sector in India is propelled by various essential factors. These include the rising purchasing power of consumers, which drives the demand for goods and services and contributes significantly to the growth of organized retail. Furthermore, the growth of organized retail is influenced by factors such as service-oriented retailing, consumer preference for enhanced ambience, and the convenience of finding all goods and services in one place.

D. Popular Formats for Retail and Marketing of Goods and Services:

In India, various retail formats cater to the sale and marketing of goods and services. These include specialty stores, category killers, vending outlets, discount stores, e-commerce retailers, shopping malls, convenience stores, department stores, small independent retailers, hypermarkets, and supermarkets. Each of these formats possesses distinct characteristics, necessitating tailored marketing strategies.

E. Organized Retail Marketing Confronts:

There are several confronts that an organized retailer faces which may hamper its growth and prosperity. First and foremost, the biggest challenge that an organized retailer faces is the competition from the adjoining unorganized retailers, in India the market today is still dominated by the unorganized retailers who operate in extremely large numbers, sell products and services at convenient location and also provide easy credit services, these factors hamper the growth of organized retailers. Apart from these, other challenges faced by them are shift in the tastes and preferences of the consumer, inroads of the global retail giants, massive infrastructure requirements, inadequate supply chain management, inadequate skilled manpower, stringent government laws and policies etc.

F. Global Trend of Consumers with Special Focus on Asia:

In 2012, the global population surpassed the 7 billion mark, with approximately 60 percent, or nearly

4 billion individuals, residing in Asia. According to projections by the United Nations, the population of Asia is expected to continue growing at a rapid pace compared to Europe and North America. By 2050, Asia's population is anticipated to reach 5 billion, with significant economic development occurring in India and China. This underscores the promising prospects and significance of retailing in these two nations, as they strive to meet the escalating demands of their burgeoning populations.

G. Key Elements that Facilitate Sale of Goods and Services in a Retail Store

Two primary factors that consistently capture the attention of retail brand managers and store managers are pricing strategies and in-store promotional activities aimed at selling various goods and services. Store managers are tasked with numerous responsibilities, such as determining which brands to promote, when to promote them, and for how long, as well as allocating budgets for these promotional efforts. It is essential for managers to ensure that the brands they select effectively boost sales, a common practice among managers in the United States. Common temporary promotional tools used to stimulate sales include giveaways, special in-store displays, coupons, discounts, and rebates.

H. Trends Seen Recently in the Indian Retail Sector:

Retail sector in India is witnessing a huge reconstruction with the entry and growing popularity of the organized retail sector. India is considered as the fifth most promising destination for retailing in the entire world with the estimated industrial evaluation of \$200 billion in which the organized retailing accounts for only 3 percent nearly amounting \$6.4 billion. In India, the yearly growth of departmental stores is predicted to be 24% as per the reports of KPMG, this ranks India second in a Global Retail Development Index of 30 developing nations created by AT Kearney. The major factors that have contributed towards a surging boom in the consumption of the India population are changing demographics, surge in the income, active participation of the women in the buying process, increasing aspirations of the people etc.

I. FDI Policy and Retail Scenario:

Foreign Direct Investment (FDI) refers to investments made by non-residents in India. The Ministry of Commerce and Industry in India is responsible for monitoring and reviewing FDI policies. The FDI policy for the retail sector is divided into two main components: FDI in single-brand retail and FDI in multi-brand retail. In single-brand retail, 100% FDI is permitted, while the cap is set at 51% for multi-brand retail. India is considered one of the most promising markets for global retailers, attracting interest from top multinational corporations in the multi-brand retail sector. However, government restrictions limiting FDI to 51% have sparked debate. If the government decides to increase the cap to 100%, it could potentially reshape and restructure the retail sector entirely.

J. Retail Marketing Challenges:

Retail marketers encounter numerous challenges when promoting their goods and services, particularly in India. Among the significant hurdles are aligning with international standards, alongside issues such as deficient supply chain management, limited retail space, cultural diversity, infrastructure deficiencies, human resource constraints, managing retail fraud, and logistical shortcomings. These obstacles substantially impact the marketing of goods and services in the Indian retail sector.

K. Rural Retailing:

India still heavily relies on local, unorganized stores to fulfill the diverse demands of its populace for various goods and services. Although these stores operate independently and lack interconnectedness, they collectively form a network through which several global giants distribute their products to end consumers. These small, unorganized stores boast strong relationships with consumers, offering

goods and services on credit and fostering a deep understanding of local preferences. Therefore, rural retailing predominantly revolves around these establishments and their connections with the community.

IV. CONCLUSION

Upon thorough examination and comprehension of the various facets of retail and retail marketing, it becomes evident that retailers in India utilize a diverse array of marketing and promotion tools. These include brand retailing, advertising, creating appealing store environments, fostering personal connections with customers, offering credit services, strategic placement in convenient locations, image branding, employing electronic marketing strategies, providing home delivery services, and implementing pricing strategies such as discounts, rebates, and premiums.

In the realm of organized retailing, store ambiance and significant discounts have emerged as the most pivotal marketing tools, likely to retain their prominence in the future. Conversely, for unorganized retailers, key marketing tools include convenient location, provision of credit facilities, and building strong customer relationships. Notably, the significance of convenient location is anticipated to remain paramount in the future as well.

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