



DEVELOPMENT OF RETAIL MARKETING IN INDIA AND ITS ROLE IN INDIAN ECONOMY: REVIEW OF LITERATURE

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Abstract

The aim of this research is to understand the evolution of retailing and its contribution to Indian Economy. The paper explores various stages a retail industry goes through and simultaneously discusses the stage to which Indian retail industry belongs to. The study explores the emerging trends in the development of Modern Retail formats in Indian Context. The paper further investigates modern retail developments and growth of modern formats in the country. The study also discusses factors affecting the success of retailers in this country. The literature indicates that there is huge potential of future growth of retail marketing. The sector contributes more than 8 per cent employment in India. Unorganized Retail Sector is dominant in the country.

Key Words: Retailing, Retail Format, Retail Contribution.

Introduction

Retailing is one of the oldest businesses of mankind and almost close to settled agriculture, as its beginning can be traced back to the time when exchange of goods started taking place. Any exchange (even barter) as in ancient times represent retailing as there was a direct interaction with the consumer. As the development of human civilization took place and business as an entity took birth, the direct producer-to-the-consumer interaction gave away to a business-to-consumer interaction. Any business to customer interaction in the present context can be termed as retailing. Retailing, therefore, encompasses all forms of direct marketing in its broader sense (Sivakumar, 2007). It amplifies first-hand information with the customers. Retailing therefore, involves a direct interface with the customers and it includes co-ordination of business activities right from the design stage of a product to its delivery as well as post delivery services to the customers. Retail stores serve as a communication hub for customers. They transmit information to the customers through advertisements and displays. Retailing therefore facilitates the flow of goods and services from the manufacturers to the ultimate customer (Kar and Sahoo, 2009).

Sheikh and Kaneez (2012) argue that it is essential to understand in the complex world of trade, today, retail would contain not only the goods but also the services that may be provided to the end consumer. Thus, one can say that purchase of a railway ticket, services of a plumber, parlour services, dry cleaning, consultation of a doctor etc. are all under the kind of retail transaction. Also, another vital thing to note here is that regarding the concept of “final consumer”. Intermediate customers are also found, but that does not match with the meaning of retailing. Therefore, it can be said that, Retailing is the final step in the distribution of merchandise, for consumption by the end consumers.

Objectives of the Research

- To Investigate the growth and development of retail marketing in India
- To determine the critical factors contributing to the success of retail marketing
- To Identify the contributions of retail Market in Indian Economy

Methodology of the Research

To meet the objective stated above for this study, researchers present a critical review of the existing knowledge about retail marketing including global retailing scenario, evolution and development of retail market in Asia in general and in India in particular, factors affecting retail marketing in India, contributions of retail marketing and recommendations to improve the retail marketing.

Review of literature is the effective and very useful evaluation of existing literature available on study of subject directly related to present research topic. It offers an excellent insight into the topic under study as large number of authors and researchers have spent considerable time and thought process into various aspects of research topic



The review of literature for the present research has touched upon historical aspect of retail and evolution of retail industry globally in general and in India in particular, different formats of retail in India was identified and compared with the status of global retail industry. The literature indicates that there is substantial information available on the various aspects of growth and drivers of growth of retail industry in India and huge potential of future growth.

The review also looks into economic contribution of retail business in India in terms of employment creation, GDP contribution, FDI contribution and so on.

Defining Retail Marketing

The word 'Retail' has been derived from the French word 'retailer' which means 'to cut a piece off' or 'to break bulk'. Retailing can be defined as procurement of varied products in large quantities from various sources/manufacturers and their sale in small lots, for direct consumption to the purchaser (<http://www.careratings.com>). According to Zentes et al., (2007), Retail Marketing or retailing involves those companies engaged primarily in buying goods from other companies in order to resell these products to the consumer. Retail establishments are often called shops or stores. The retailing process is the last step in the distribution chain of merchandise. Retailers sell small or even single quantities to the general public. This process combines the following key elements: logistics, availability at point of sale, assortment, provisioning of sales advice, after-sales service.

Retail marketing is characterised by the provision of goods and services to final consumers and includes traditional retail formats such as supermarkets, butcher shops and department stores (Miller, 2008). Retail marketing thus consisted of all activities involved in the marketing of goods and services directly to the consumers for their personal, family or household use. Retailing involves a direct interface with the customer and the coordination of business activities from end to end- right from the concept or design stage of a product or offering, to its delivery and post-delivery service to the customer. It also includes all the activities involved in selling goods or services to the final consumers for personal, non-business use. A retailer or retail store is any business enterprise whose sales volume comes primarily from retailing.

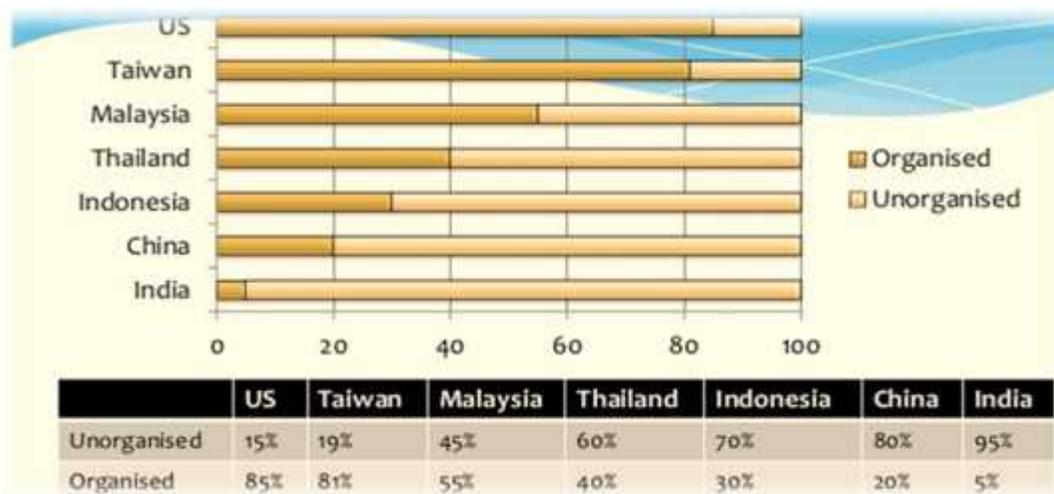
Evolution and Development of Retail Marketing

Global Retailing Scenario

All over the world, retailing is undergoing a process of evolution and is poised to undergo dramatic transformation. Global retail marketing represents a worldwide trend. According to Zentes et al., (2007), retailing is a popular way of conducting business in many parts of the world as it represents the culmination of the marketing process as well as the contact point between consumers and merchandise, communications and customer service at the point of sale. Retail is one of the largest sectors in the world, contributing about 23% to global GDP.

As consumers change so must the industry. The retail sector that emerges over the next five to ten years will likely be far different than at the beginning of the century, marked by greater innovation, integration, and responsiveness. In the late 1800s and early 1900s, market was basically covered by the typical townscape of independent specialty or single-product stores (KPMG Report, 2018). That scene gradually changed with the introduction of department stores. Moharana (2010) argued that today's corporate world focus on creating reputation through stronger brand and acceptable image to get better acceptability of customers and other stakeholders

Figure 1: Organized Versus Unorganized Retail at Global Level



Source: BCG Retail, 2016

Across the globe Retailing Industry is gaining the importance and attention of people so it is essential to get idea about Retailing Industry of world. Figure 1 above presents status of Retailing Industry in different countries of the world. Retail Industry of world is divided into Organized Retailing and Unorganized Retailing Industry and proportion of both sector across the world is different as depicted in the figure. In US, Taiwan and Malaysia proportion Organized Retail Sector dominates with 85%, 81% and 55% respectively where as in India and China Unorganized Retail Sector is dominant.

Evolution and Development of Retail Marketing in Asia Pacific

Kacker, (2015) point out that retailing in the Asia Pacific has been experiencing a remarkable metamorphosis since mid-1980s. New retailing ideas, concepts and knowhow are heading their way into the region mainly from the Triad: Europe, U.S.A. and Japan. Traditional small 'mom and pop' shops have as a result suffered a severe setback yielding to larger modern retail outlets. A strong will among the people and active support from the national governments are considered to be the prime movers of this change. Relatively higher rates of economic growth and significant increase in the disposable income of people are also causal factors contributing to the modernization and internationalization of retailing in this region. Kacker further added that Since 1980s, the region has seen a phenomenal economic growth with an impressive sales record of retail industry in most countries. The economic reforms introduced in South Korea, China and Philippines in early 1990's opened the door to foreign retailers to expand in this vast region. As a result, there has been a steady rise in the domestic and foreign investments in regional retail industry notably in China, Philippines, Indonesia, Thailand, Malaysia and Singapore. The retail industry in Japan, South Korea, Taiwan and Hong Kong had already moved ahead with foreign knowhow and direct investment since early 1980s. A number of foreign retailers from Europe and the United States have positioned themselves in this region to take advantage of new growth opportunities. Within the region, Japan has been a leading player supplying new retailing knowhow and technology to neighbouring countries in the region. Retailers in Hong Kong, Malaysia and Singapore have also internationalized their operations in this region though to a smaller extent.

In Asia, China has been the biggest contributor to global retail sales. The country's retail sales grew at a CAGR of 15.2% during 2009–2014, which was the highest among the BRICS economies and significantly more than the global figures. This increase was due to a growing middle-class population and disposable income levels in the country. According to the Global Wealth report from Boston Consulting Group, Technological advancements have contributed significantly to the sector's growth in recent years. Traditional retailers are incorporating online platforms in their sales model(www.aspireresearchgroup.com). The sector has also leveraged IT on the



operational side, in areas such as supply chain management, merchandising and store management. This has enhanced customer experience, made shopping easier and quicker, and subsequently helped retailers grow their top-line. This growth has been supported by rapid globalisation, with large retailers expanding into developing markets dominated by small retailers, and increased consumer confidence.

Evolution and Development of Retail Marketing in India

Retailing goes back to centuries; it started as a very ancient business but today has grown tremendously. First people were doing businesses with their neighbours. Goods were exchanged between them (Akhter and Eqbal, 2012). The origins of retail are old as trade itself. Barter was the oldest form of trade. For centuries, most commodities were sold in market place or by peddlers. Medieval markets were reliant on local sources for supplies of perishable food because journey was far too slow to allow for long distance transportation. However, customer did travel considerable distance for specialty items. The peddler, who provided people with the basic goods and necessities that they could not be self-sufficient in, followed one of the initial forms of retail trade. Even in prehistoric time, the peddler travelled long distances to bring products to locations which were in small supply. “They could be termed as early entrepreneurs who saw the opportunity in serving the needs of the consumers at a profit (Singh, 2012).

While barter is measured to be the oldest form of retail trade, since independence, Retail in India has evolved to support the distinctive needs to our country given its size and complexity (Manocha, and Pandey, 2012). Retailing in its initial period was witnessed at the weekly Haats or meeting in a market place where vendors put on displays their produce. Off course this practice is still widespread in many towns and cities in India: then the market saw the emergence of the Local Baniyas and his neighbourhood Kirana shop. In fact, these were the common local mummy-daddy or multipurpose departmental store located in the residential areas such shops stocked goods and multipurpose efficacy and were with the vision of providing convenience at the door step of the consumer.

With the passing of time the number of people doing businesses in a given fair improved, issues like security, transportation becomes a matter of concern. This semi-formalized system then gave birth to small-scale groceries, where people start to provide more combinations in their own neighbourhoods (Akhter and Eqbal 2012). Retailing was focused more on the basic requirements rather than luxury. In terms of retail institutions, it was mainly mom-and-pop stores (Kirana Stores) run by individuals and the wet markets or bazaars. There were also the government-run Public Distribution Shops (PDS) as well as different co-operative stores. All these stores were having counterservice – self-service was not a viable option. Then came the issue of choice in given grocery, the choices the customer had was narrow, this was the beginning of the concept of “everything under one roof (Akhter and Eqbal, 2012).

Again (2013) discusses that the modern retail format in India has evolved from the days of the primitive weekly markets or village fairs. Gradually it has changed into a form of more conscious profession of delivering consistent quality shopping experience.

The Indian retail industry has expanded by 10.6 per cent between 2010 and 2012 (Agarwal, 2017). India's retailing industry is essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4% of the industry, and these were present only in large urban centres (Gupta & Malik, 2012). (Agarwal, 2017) stated that almost 90 per cent of the Indian retail sector is controlled by tiny family-run shops i.e. the unorganized segment. According Case Rating report (2019), organised retail market is only about 9% of the sector, where as unorganized retail market holds the rest (<http://www.careratings.com>). India's organised retail penetration is much lower compared with other countries and thus, organized retailers have a lot of room for further penetration in this flourishing economy.

As per the A T Kearney's Global Retail Development Index (GRDI) of 2016, “As India's retail industry aggressively expands itself, high demand for real estate is being created. Further, with the online medium of retail gaining more and more acceptance, there is a tremendous growth opportunity for retail companies, both domestic and international. Favourable demographics, increasing urbanisation, nuclear families, more women joining the

workforce, rising affluence amid consumers, increasing preference for high branded products and higher aspirations are other factors which will drive retail consumption in India.” Evidently, both organised and unorganised retail will not only coexist but also achieve new dimensions and evolve into a whole new shopping eco-system in India.

According Case Rating report (2019), the Indian retail industry has emerged as one of the most dynamic and fast-growing industries due to the entry of several new players in the recent times along with rising income levels, growing aspirations, favourable demographics and easy credit availability. It is valued at USD 792 billion as of 2018. Globally, India is fourth-largest global destination in the retail space after US, China and Japan. The industry has witnessed close to double the growth witnessed during 2008 – 2013 period (<http://www.careratings.com>).The retail market size grew from USD 518 billion in 2012 to about USD 672 billion as of 2016, registering a compound annual growth rate (CAGR) of 7% during the period. The report also estimated that with the higher demand from consumers with higher incomes, job creations, improved standard of living, higher discretionary spends and higher participation of producers/retailers in the organised retail market, discounted and promotional pricing, increased number of products and more private labels with retailers among others, the industry is expected to register growth going forward. India is growing at a great pace and the retail sector is also developing with it. Big Indian business houses are entering into retail sector and are adopting various retail formats for their business which are best suited to them.

Jasola (2007) found that India’s vast middle class and untapped retail industry are the key attraction for global retail giants wanting to enter new markets. Malls, speciality stores, discount stores, department stores, hypermarkets, supermarkets, convenience stores and multi-brand outlets are most preferred retail formats in India. Malls lend an ideal shopping experience with an amalgamation of product, service and entertainment all under one roof. Discount stores offer discount on the MRP through selling in the bulk, reaching economies of scale. Department store caters to a variety of consumer needs. Super-market contributes to 30% of all food and grocery organized retail sales. Convenience stores stock convenience products and prices are slightly higher due to the convenience premium. Jasola further observed that the share of modern retail is likely to grow from its current 2% to 15-20% over the next decade. With the growth of malls, multiplexes and hypermarkets, the consumer is being exposed to a new kind of shopping experience and services that redefines the expectations from shopping.

Figure 2: Market size of Retailing over the last Decade



Source: BCG Retail, 2019

As depicted in figure 3 above, the retail sector in India is emerging as one of the largest sectors in the economy. The total market size was estimated to be around USD600 billion in 2015, thereby registering a



CAGR(Compound Annual Growth Rate) of 7.45 per cent since 2000. Retail industry was projected (expected) to grow to USD1.3 trillion by 2020(although it is being affected by COVID-19 this year)

According to a new report of Boston Consulting Group, India's retail market is estimated to reach \$1.1-1.3 trillion by 2025, from \$0.7 trillion in 2019, growing at a compound annual growth rate (CAGR) of 9-11%, driven by socio-demographic and economic factors such as urbanisation, income growth and rise in nuclear families. However, according to the Retailers Association of India (RAI), it would take at least 9-12 months for India's retail industry to recover from the impact of the covid-19 pandemic.

Theories of Retail Marketing

There are a number of theories to explain the present structure of the retail industry and predict the future development of current and new retail formats. In this literature Review, the wheel of retailing and the retail lifecycle theories are assessed .

1. The Wheel of Retailing

The wheel of retailing (McNair 1931) is a well-established framework for explaining developments in retail institutions. The theory suggests that retail institutions go through cycles during their development. The theory is that as low-end retailers upgrade their strategies to increase sales and profit margins, new forms of low-price (discount) retailers take their place in the market. The wheel of retailing describes institutional changes that occur when new competitors enter the market.

In its initial form, the wheel of retailing consists of a three stage cycle (Berman and Evans 2013):

According to the wheel theory, retail innovators often appear as low-price operators. Thus, the cycle begins with retail institutions starting off with low prices and low service levels.

The second phase is trading up. Retailers who wish to expand their business and attract more customers enhance the quantity and quality of merchandise they handle, provide more services and open outlets in more convenient locations. This leads to an increase in operating costs and prices and thus offers opportunities for new competitors to enter the market with low-price strategies.

The third phase sees increased competition for services of all kinds and a convergence of retailers' marketing mixes as they mature. They become vulnerable to new competitors entering the market with low prices.

2. The Retail Life Cycle

According to Berman and Evans (2013), the retail lifecycle is a succession of identifiable stages that a retail format goes through over time. The cyclical theories contend that the evolution of retail institutions happens in stages (Levy et al., 2005). Institutions enter the market at low status, cost and price and gradually become more established by increasing their investments. They build more facilities, offer more quality services and merchandise at higher prices. Subsequently, institutions reach maturity where they operate at high cost, thus becoming vulnerable to new ones. The stages are:

In the development stage, the new format is introduced to the market. It is different from existing retail institutions' strategies, as at least one element of the marketing mix is altered in the new format.

In the **introduction** phase, sales and profits are low, but growing. Costs and risks are high because long-term success is not assured at this stage.

The growth phase is characterised by the rapid **growth** of both sales and profits. Existing companies expand their markets and new competitors employing the same retail format enter the market. Towards the end of this stage, growth acceleration begins to decline and cost pressures may emerge.

The next stage is **maturity** of the retail format, brought on by market saturation, which in turn is caused by a high number of firms using this retail format and competition from new formats. Sales growth declines and profit margins may have to be reduced to stimulate sales. Once maturity is reached, the main goal is to prevent the business from declining and to sustain profits for as long as possible.

In the final stage, **decline**, sales volumes decline and prices and profitability shrink. Companies can try to avoid decline by repositioning their retail format, but many companies abandon the format altogether and introduce new formats to keep their customers or attract new ones.

3. Adaptive Behaviour Theory

The adaptive behaviour theory is based on the law of natural selection. It asserts that retailers have a chance to prosper if they could most effectively adapt to environmental changes. Environmental theorists argue that changes in retail operations are in response to transformations in the retail environment like competition, consumer behaviour, economic, regulatory and technological changes (Anistal&Anistal, 2011). Scholars have cautioned that, if left alone, the environmental drivers of retail change will lead to reduction in the numbers of retailers through shrinking profit margins and liquidations, mergers and acquisitions resulting from low sales revenues (Dunne & Kahn, 1997). However, this theory has been criticised for failing to provide a specific retail evolution pattern as it places emphasis on the ability of a retailer to cautiously track and respond to the changes in the market environment (Oren, 1989).

Forms of Retail Marketing in India

From a managerial point of view, understanding the different types of retail marketing is important because they have a competitive impact on the retail business. Classifying retail marketing based on the characteristics of the strategies they employ to sell goods and services is important for strategy development and competitive analysis. These types of retail institutions are referred to as retail formats (Zentes, et.al 2017). Retail formats are specific configurations of retail marketing mix that are maintained consistently over time (e. g., type of store design and atmosphere, merchandise offered, services provided, pricing policy, type of location, approach to advertising and promotion, etc.).

The Retail Sector of Indian Economy is going through the phase of tremendous transformation. The retail sector of Indian economy is categorized into two segments namely; organized retail sector and unorganized retail sector with the latter holding the larger share of the retail market. Organised retailing' refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income-tax, etc. these include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail business(https://en.wikipedia.org/wiki/Retailing_in_India). 'Organized Retail involves the set-up of any retail chain supported by a well-defined Supply Chain which usually has a small number of middlemen when compared to the unorganized sector. Due to a number of factors like cutting down of middlemen, removing of bottlenecks along the supply chain, efficiency in the processes, etc., the end user is rewarded with a better product at a cheaper price as against the unorganized retail sector. As the consumer base is growing each minute, the organized retail sector is believed to have a huge growth potential (Jham and Kiran, 2011).

Matthew et al. (2008) also observed that unorganized retailers in the vicinity of organized retailers experienced a decline in their volume of business and profit in the initial years after the entry of large organized retailers. The adverse impact on sales and profit weakens over time. They found competitive response from traditional retailers through improved business practices and technology up gradation. A majority of unorganized retailers is keen to stay in the business and compete, while also wanting the next generation to continue likewise. Small retailers have been extending more credit to attract and retain customers

At present the organized retail sector is catching up very fast. The impact of the alterations in the format of the retail sector has changed the lifestyle of the Indian consumers drastically. Traditional or Unorganized retailing is defined as an outlet which is run locally by the owner or the caretaker of a shop who lacks the technical and the accounting standardization. The supply chain and the sourcing are also usually done locally to meet the local

needs (Sing and Kaur, 2008). According to Vinodhini and Kumar, (2012), unorganized merchandising, refers to the normal formats of cheap retail, the native kirana retailers, the owner manned general stores, paan / beedi retailers, the convenience stores, hardware stores at the corner of one's street, small medical shops etc.

Tale 1: Organized versus unorganized retailing in India

India's Retail Market Size - Organized Vs Unorganized (In \$ Billion)					
Market Type	2014	2015	2016	2017	2018
Total	501.69	556.76	619.39	694	777.14
Organized	39.26	46.82	55.84	66.6	79.43
Unorganized	462.43	509.94	563.55	627.4	697.71
India's Retail Market Size - Organized Vs Unorganized (In \$ Billion) - In Percentage					
	2014	2015	2016	2017	2018
Organized	8%	8%	9%	10%	10%
Unorganized	92%	92%	91%	90%	90%
Total	100%	100%	100%	100%	100%
India's Retail Market Size - Organized Vs Unorganized (In \$ Billion) - Year On Year Growth					
Year on Year Growth	Market Type	2015	2016	2017	2018
	Organized	19%	19%	19%	19%
	Unorganized	10%	11%	11%	11%

Source: BCG Retail, 2019

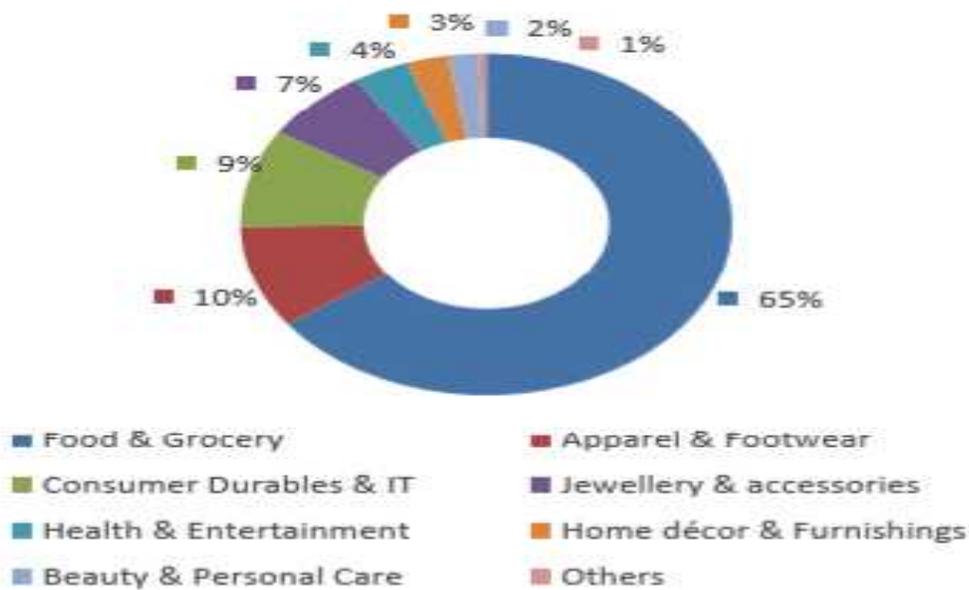
Table 1 above shows that with over 90 per cent of the business coming from the fragmented unorganized sector(in 2018), such as traditional family run mom and pop stores and corner stores, the Indian retail sector offers immense potential for growth and consolidation in the year 2014. It is evident from the table above that organized retail industry share in 2015and 2018 remains unchanged at 19%.

Moreover, Bostan Consulting Group stated that retail in India continues to be fragmented. There is large headroom for the top five retailers to grow their market share from the current 5% to 10-12% in the next decade. To achieve this, retailers would need to drive business model innovations based on value proposition and operating model.

In its report, BCG said the increasing popularity of supermarkets and investments by large corporates such as RPG Group, Future Group, Aditya Birla (More) in modern trade, along with the rise of e-commerce, among others, has threatened the existence of India's kirana stores(<https://www.livemint.com/industry/retail/india>).

According to RAI report (April,2020), only 7-8% of the retail industry is functioning at the moment, as the retailers are selling only essential items, which represents 13,667 member establishments with 500,000 stores employing 43 million people. The report also says that it is the job losses that are worrying the industry the most. About 20-25% may lose their job (<https://www.livemint.com/>).

Figure 3: Segment wise Contribution in Organized Retail



Source: CARE RATING (2019)

From figure 3 above, it can be said that within organized retail, food & beverage holds around 65% of the retail sector, followed by apparel and personal care at 10%. It can be said that India has growth potential in Organized Retail Penetration. Improving economy, changing demographic profile, increasing disposable incomes in hands of the middle class, changing tastes and preferences, brand awareness and growing urbanization along with rising discretionary spends are the main growth drivers in the organized retail market in India.

Role of retail marketing in Indian Economy

India is one of the fastest growing retail markets in the world, especially over the last few years. The Indian retail sector has witnessed an unparalleled growth over the last decade, motivated by rapid urbanization and varying lifestyles and aspirations of the Indian retail consumer. Retail industry is one of the pillars of Indian economy and accounts for 14 -15% GDP and one of the top five retail markets in the world by economic value (Agarwal, 2017; Kumar, 2014). It was also estimates that the retail sector employs around 8 per cent of the national work force. The Retail Industry in India has come as one of the most dynamic and fast pace industries with several massive entrances the market(Kumar, 2014).Retailing is a sector of India that occupies an important place in the socio-economic growth strategy of the country (Mohanty& Panda, 2008).

Akash(2009) argues that Retail business in India, as anywhere else in the world, would play a crucial role in an economy generating employment for some 2.5 million people in various retail operations and over10 million additional workforces in retail support activities. (Garg, 2013)stated that the retail market in India is becoming one of the pillars of the economy and accounts for about 15% of the GDP.

Kumar et al. (2008) found that in India, next to agricultural field, most of the individuals are employed in the retail sector. Around forty million individuals are involved in retailing. It is also found that among them 50,000 people have been working in well-organized retail industries. They also explained that the community based private sellers fall under the group of conventional retail sector. Organized retail sector mostly consists of superstores and hyper marts. These are found to be common in the urbanized nations.



Factors Affecting Retail Marketing

a. Year of establishment

In Retail Marketing, the age of the business is widely considered to be the crucial factor (Zentes et al., 2007). Therefore, it is reasonable to assume that age is the key driver for the success of retail marketing. The longer an outlet exists, the better its chances in building a reputation and enhancing its image in the local retail environment. Consequently, the greater are its chances of winning new customers and retaining the old ones (Miller, 2008).

b. Competitive Environment

The effectiveness of competitive environment is also a relevant Retail Marketing factor (Seiders et al., 2005). The more competitors there are, the greater the risk of a lower sales performance. Retail Marketing has a higher relevance for an outlet when competition is intense. Intense local competition may imply a higher value from the central Retail Marketing support (Perrey and Spillecke, 2011).

c. Labour Related Issues

Inadequate labour skills and training make it extremely difficult for retailers to recruit suitable employees with the necessary skills due to the poor image of the industry (Hart et al., 2007). In India, retail employees complained about the lack of adequate entry level training programs and career progression plans (Kearney, 2006). In China it was observed that it was extremely difficult to retain the existing staff or to provide further training as employees would often leave the company to set up their own small scale retail stores (Chun et al, 2001). The lack of skills and training among employees in the retail industry diminishes the ability of retail managers to communicate effectively with their subordinates.

d. Sources of Supply

Cho and Kang (2001) noted that the success of retailers in the modern retail marketplace which is characterized by sophisticated, demanding and more quality conscious consumers depends on suppliers' ability to constantly provide quality products at reduced costs. Supermarkets are aware that customers will switch to other competitors due to the unavailability of quality products and thus they prefer large farmers who have the potential to meet the quality and quantity requirements (Stokke, 2009). For example: Kearney (2006) observed that the local supply in India is fragmented because of government policies and legal issues and thus it is difficult for some retailers to enjoy benefits associated with economies of scale.

e. Government Regulations

Governments are considered as a definitive factor in economic development due to their role in policy making. Policies are used to regulate the business environment in order to achieve economic objectives. Various schemes and action plans are taken by government to help small and medium size retailers to cope with the effects of foreign competition. For instance, in India, non-uniform value added tax (VAT) regimes across the country led to differential pricing of goods and multiple taxation formats for the same goods in different states (Kearney, 2006).

Conclusion and Recommendations

Retailing is one of the largest industry in India and one of the biggest sources of employment in the country amounting over 8%. For India retail sector revenues is around 25%, the largest in the world. Over the past years, the size, scope and complexity of retailing has undergone considerable change. The retail industry can broadly be classified into two categories: Organized and Unorganized, with Unorganized Retail Sector is dominating the industry. Retail industry was projected to grow to USD1.3 trillion by 2020 (although it is being affected by COVID-19 this year) and India's retail market is estimated to reach \$1.1-1.3 trillion by 2025, from \$0.7 trillion in 2019, growing at a compound annual growth rate (CAGR) of 9-11%, driven by socio-demographic and economic factors such as urbanisation, income growth and rise in nuclear families. In the year 2018 over 90 per cent of the retail business was coming from the fragmented unorganized sector.



Thus, this study has tried to understand the way world retail industry has emerged which will provide valuable information to the Indian retailers, practitioners, policy makers and students.

Retail in India has gone through many variations in its style of business and being attributed by the consumers in various segments since its evolutionary stages. Like other growing economies India is experiencing major transformations in retail sector. The market is maturing as most retailers are now focusing on profitable growth. The number of traditional retail outlets or unorganized retailers has maximum share of the retail business in India.

Recommendations

- In order to be successful retailers have to conduct special marketing activities such as communications or product- or service development in their representation towards external target groups (Mukhetjee et al., 2003). Berman and Evans, (2008) argue that for any retail organisation to enhance its success, it is essential to address customer needs consistently. Therefore a retailer needs to coordinate its central marketing support effectively as well as to manage its sales personnel according to market needs.
- Coe and Wrigley (2007) emphasised that it is vital for governments to support indigenous retailers to help them match the sources of competitive advantage used by foreign retailers. Therefore, government has a responsibility to facilitate retail performance especially Government support to retail marketing is essential to boost the businesses which are highly affected by COVID-19 pandemic since organised retail sector holds a massive employment opportunity. For example, many governments across the globe took initiatives to assist retailers in the form of finance to enhance the skills and capabilities of retailers in order to enable them to survive in the market.
- Success in retailing depends on a retail manager's ability to properly interpret what societal changes are occurring and what these changes mean to the store's customers, then building a strategy to respond to those changes. Therefore it is important for retailers to secure a distinctive position in the market place based on values relationships or experience.

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