

# INDIAN ORGANIZED RETAIL OUTLETS - OPPORTUNITIES AND CHALLENGES

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**Abstract:** Retailing is a collection of operations that involves selling goods and services to end consumers directly. Consumers are sold goods and services for personal use alone, not for resale or commercial activities. The final activity in the cycle of product distribution is retailing. In India, retail is one of the most important businesses, and it employs a vast number of people. It is India's second largest employer and fifth-largest in the world, with several new businesses joining the retail market. With a new phase of organised Indian retail, the Indian retail industry plays a phenomenal role in the worldwide economy. Organized retailing has emerged from the shadows of unorganised retailing and is making a substantial contribution to India's retail sector's growth. COVID 19 has brought about many changes in all aspects of life around the world. Our research examines retailing in India, as well as the difficulties and opportunities that the organised retail sector faces.

**Keywords:** Retailing in India; Challenges and Opportunities; Pandemic period; Organized retailing.

## 1. INTRODUCTION:

India's retail industry is one of the world's quickest growing. As indicated by Forrester Research, India's retail area would be valued at \$883 billion out of 2020, with basic food item retail representing \$608 billion. By 2024, the market is relied upon to arrive at US\$ 1.3 trillion. In the World Bank's Doing Business 2020 report, India was evaluated 63rd. The United Nations Conference on Trade and Development's 2019

Business-to-Consumer (B2C) E-trade Index evaluated India 73rd. Before the finish of 2021, India's immediate selling business will be valued at \$2.14 billion. In the second from last quarter of 2020, purchaser consumption in India moved to US\$ 245.16 billion, up from US\$ 192.94 billion in the subsequent quarter.

India is the world's fifth-biggest and most famous retail objective. As far as retail location accessibility per capita, the nation positions among the best on the planet. India's retail industry is detonating, with retail advancement happening in huge urban communities and metros, yet additionally in level II and III urban communities. Healthy economic expansion, changing segment profiles, rising discretionary cashflow, urbanization, and moving client tastes and inclinations are a portion of the reasons impelling India's coordinated retail business forward.

## 2. OBJECTIVE OF THE STUDY:

The Indian retail industry is expanding these days, but it isn't growing as fast as it could. The study's goal is to explain retailing in India and to look into opportunities as well as big and minor obstacles that Indian organised retail shops confront.

## 3. METHODOLOGY:

The present study is based on secondary sources and information collected from books, journals, websites, news articles and reports etc.

The retail sector in India is the largest among all industries, accounting for approximately 10% of India's GDP and providing over 2.5 million job opportunities. With multiple firms entering the market, India's retail sector is one of the fastest growing. However, not everyone could taste success due to the large capital inputs required to compete with other comparable businesses.

In the recent decade, the Indian retail sector has witnessed significant transformations. It has seen significant advancements in the political, social, and economic environments, all of which have influenced consumption patterns directly or indirectly. In India's modern retail industry, enormous shopping malls, multiplex malls, and massive complexes offer food, entertainment, and shopping all under one roof. In terms of forms and customer psychology, the entire concept of shopping has been revolutionised, resulting in a revolution in Indian shopping.

The transaction between a seller and a customer for personal consumption is referred to as retailing. It excludes transactions between businesses and purchases made for the purpose of reselling. Retailers buy things from manufacturers and then resell them to end users for final consumption at a profit. The retailer is the final link in the

supply chain, and it serves a variety of purposes, including giving crucial product information to manufacturers and offering various utilities for consumers.

Retailing itself can be further divided into organized and unorganized sectors. **Organized Retailing:** Organized retailing is the process of selling products or merchandise at a specific place such as a department store, hypermarket, supermarket, or even convenience store. The government keeps a proper record of organised retailing, and retailers must pay the tax to the government. In recent years, the entire concept and idea of shopping has changed dramatically. The Indian retail market has embraced modern retailing. Higher expansion in the Indian economy has resulted in greater spending power among the Indian populace, resulting in the growth of the organised retail sector. Consumer education, large venture capital investments, and the advent of retail behemoths have all contributed to the rise of the Indian retail sector. However, the Indian government has imposed a number of regulations that make obtaining a permission to open a retail business difficult. **Unorganized sector:** Unorganized retail refers to retail establishments, kirana stores, and convenience stores that operate without paying taxes or being recognised by the government. The unorganised sector in India continues to dominate due to its numerous advantages. The main benefit is that it has a low operational cost and requires less investment because it has a direct impact on product pricing. Unorganized merchants are providing modern retailers with excellent opportunities to open stores in remote locations.

Organized retail is a sector made up of businesses that are involved in the manufacture or sale of products and services and operate as private limited companies controlled by the Companies Act. The following are some characteristics of the organised retail sector:

1. Retail establishments are owned by corporations.
2. The organisation employs a small number of full-time employees, while others work on a contract basis.
3. Employees are bound by minimum wage legislation.

Organized retail is associated with customers. Customers stroll into stores for showrooms and buy their necessary products. Vast quantities of products are stored in the retail outlet, and the corporation receives substantial discounts, which are passed on to the clients.

The knowledgeable customers are a huge issue for organised merchants in the age of globalisation and deregulation. The fundamental reason for this is that people are conscious of their own financial worth and purchasing power. Product quality and service quality are two significant mantras for merchants in today's consumer market, since these consumers demand more and more for less.

The retail market is always changing, and players in this competitive industry are constantly confronted with new challenges. In recent years, a number of well-known retail enterprises have declared bankruptcy. And, in the aftermath of COVID-19, an increasing number of retailers have closed their doors.

However, not all retailers face the same difficulties as the rest of the world. While some merchants are witnessing a decrease in revenue, others are seeing an increase. The concentrate is on masks and medical supplies, and also screws and equipment (particularly during lockdowns).

Once the quarantine is removed and shopping malls reopen, retailers should be prepared to face new challenges. The following are some of the most immediate issues facing the retail industry.

- **Comply with the New Normal Protocol in order to avoid Covid-19 transmission.**

Consumers have begun to shop at shopping malls. Here are some of the procedures that merchants followed as part of the new regular protocol process list:

- Limit the quantity of clients in the store
- ensure that clients stay away from each other
- ensure that your staff and clients are continually wearing masks
- maintain the cleanliness of your items; give hand sanitizers
- measure the body temperature of clients entering your store and
- Implement cashless payments only to keep the infection from spreading

- **Keeping up with the ever-changing expectations of customers:**

Customer tastes will continually move, frequently considerably more rapidly than expected. Retailers who are efficient should have the option to stay aware of consumer interest. Beside seasons and patterns, extra factors like monetary conditions, commercials, and retail industry seriousness altogether affect consumer interest. Accordingly, focus on these components to acquire more exact assessments

- **Keeping customers satisfied**

Brand loyalty is based on a positive consumer experience. The organised retailer faces a tremendous difficulty in understanding customer behaviour and brand loyalty. Many elements influence a customer's loyalty and commitment,

including product value and quality, customer satisfaction, and so on. Retailers can boost their profits by retaining consumers and thereby lowering the percentage of customer defect.

- **Keeping track of internal communications**

Retail is a complex industry, and managing internal communication is a difficult undertaking. Large-scale retail organisations with several divisions encounter this difficulty the most. Business processes can be disrupted by ineffective communication across divisions.

- **Employee engagement and retention**

One of the industries with the greatest rates of employee turnover is retail. Retaining employees is one of the most difficult challenges in the industry. Meanwhile, recruiting new staff takes a long time and gets expensive. The solution to this challenge is increased employee interaction within the organisation. Regularly provide training programs to help them in increasing their abilities.

- **A worldwide game of digital disruption with huge stakes**

Consumer behaviour evolves at a rapid pace. Consumers now have a plethora of options before making a purchasing decision, thanks to the advent of e Commerce. Despite the fact that e-commerce has had a significant impact on consumer behaviour, surveys suggest that customers still prefer to buy most things in-store. They frequently use the internet to look up product information and compare prices, but they prefer to buy it in person.

The rise of e-commerce should not be viewed as a danger, but rather as an opportunity. Retailers can combine their online and offline operations. According to Deloitte, 56 percent of in-store retailers use a digital website or are affected by the internet.

- **Identifying the most effective retail IT solutions**

Technology continues to be one of the most difficult obstacles for the organised retail sector, owing to factors such as availability, feasibility, and acceptance. Customers are more important to successful shops, and they rely on technology to achieve a competitive advantage. Understanding client preferences, tracking customers, corporate management systems, and so forth are all important functional areas. Many technologies have been developed for various businesses, with varying pricing and benefits.

#### **4. OPPORTUNITIES FOR RETAILING DURING PANDEMIC:**

In Spite of having more confrontations and threats by this COVID 19 to the retail sector, it has offered a chance to retailers to identify the new way of doing business. Some of the opportunities created by covid-19 for retail sector are as follows:

##### **Modification of operations:**

This Pandemic situation made customer's move exceedingly closer to the online retail activities while compared to brick and mortar systems. So, organized and conventional retailers have to find an online platform to sell their products, without pulling the customers in the direction of the physical stores. Many retailers in tier 1 and tier 2 towns has commenced to do commercial enterprise and offerings the use of clever phones via WhatsApp, Messenger and so on., and get hold of payments the usage of on-line systems which includes Gpay, Pay tm, Pay U, etc.,

##### **Market penetration:**

Middle class families of India were economically affected due to this lockdown and they form a massive proportion of business for the organised shops. To ensure their continuation in the business, stores can move for discount in charge and also price and variety. The retailers have to focus on low top class merchandise when in comparison to the high give up merchandise.

##### **Diversifying the products:**

The shops can focus on the products that are necessary in this pandemic scenario. For instance, Bata showrooms are actually targeting domestic chapels when compared to the fashion shoes, as human beings are remaining at home and most professionals have shifted to work from home mode. Even greater number of drug producers has begun to provide hand sanitizers and garment manufacturers moved to produce masks and gloves.

##### **Move out of large buildings:**

Due to the business crisis, the organized outlets are geared up to transport out of the department stores, hyper and supermarkets towards the excessive give up streets. Doing their enterprise as standalone within the retail hub areas gets their own patron traffic and dependency is not required. This scenario is pretty obvious as malls and Hypermarkets are on the cease of the list for the rest of lockdown.

## 5. CONCLUSION:

Indian retailing is dynamic by nature, and it must adapt to the changes imposed by the environment. The astute Covid-19 has affected both the organised and unorganised store, and now is the greatest time for them to rethink their strategy. Although it has shown approaches to fundamental things retailers to form a new strategy and New Normal Protocol to Prevent Covid-19, Finding the best technology solutions, Retaining and engaging employees, functional changes, etc. to stay in the business forever, this Coronavirus had an incredible effect on non-essential items organised retail business. Whether the impact is positive or negative, COVID-19 has been a big element in bringing new aspects to the retail industry.

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