Opportunities and Challenges Faced by Organised Retail Sector over Unorganised Retail Sector - A Study of Shopping Malls

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ABSTRACT
The Retail concept in India is believed to be grow at a rate of 14% by 2013. It had been really started with FDI in Retail in the year 2006. Since then 54 FDI approvals have been accepted by the central government and the country has received the cash inflow to the tune of approximately Rs 901.64 crore. Retailing process normally includes of all such business activities which involves the very sale of goods and services to the consumers. Retailing consists of a retailers traditionally a store or a service establishment, basically dealing with consumers who are acquiring goods and services for their very own use rather than for the resale activity. Wal-Mart, Metro, Best Buy and other similar organizations are retailers. Retailing is based more and more on whether the business deal directly with public. Retail banking system, service stations, local coffee shops are also termed as retailers with the upcoming of online based retailing, retailers are no longer bothered about location of the stores. Electronic-retailing has also emerged. Consumers are always looking forward for modern and contemporary ways of shopping. Indian retail sector and its employment potential is growing fast. The retail scenario is changing really very fast. Retailers are rethinking and reanalyzing their approaches towards the suppliers, so that they can bargain the best pricing strategies for the consumers. Retail sector scenario in India is also catalyst for the growth of emergingstalling tactics of below the line marketing adopted by major retail players like Spencer, big bazaar, reliance fresh etc, for tapping customers by creating various points of sales display. So we can safely voice that India is emerging as a rising star in the contemporary world and going to be one of the fastest growing regions of the coming time ahead.

Key words: FDI, Retailing, Multinationals, Policies, infrastructure development.

INTRODUCTION
Retailing can be expressed as the direct interface between the manufacturer and the end user who are actually the very individual consumers. The retail business owners normally stock up all goods after purchasing it directly from the manufacturers and then they basically sell it to individual customers keeping a reasonable profit margin for themselves. Of late the retailing industry in India has blossomed with much coveted success causing positive impact on our economy. As per the recent findings by the popular International Management Consultancy AT Kearney, India has been recommended as the second most lucrative destinations of the world for retail business.

In India, retailing industry is classified into two classes- organized retailing and unorganized retailing. Organized retailing consists of trading conducted by licensed retailers and on the other hand the unorganized retailing includes all types of low cost trading for example the local shops, small roadside stores and the temporary shops or door to door selling activities of various goods. Till now, according to the Indian retailing laws and regulations, Foreign Direct Investment (FDI) in multi-brand retail market was prohibited. But government is very seriously thinking to open the FDI in retail in India. Indian apparel retailers are spreading their brand presence overseas, particularly in the very developed markets. While most have find a gap in countries in West Asia and Africa, some majorsgains are also looking at the US and Europe. The leading Retail brands like Arvind Brands, Madura Garments, Spykar Lifestyle and Royal Classic Polo are very busy chalking out foreign expansion plans via the distribution route and standalone stores as well.
Another very popular denim wear brand, Spykar, which is nowadays moving towards becoming a casualwear lifestyle brand, has also launched its store in Melbourne. It plans to open three stores in London. The low-intensity entry of the very diversified and popular brand like Mahindra Group into retail is unique because it plans to focus on its very lifestyle products. The Mahindra Group is the fourth largest Indian business group to indulge in the business of retail after the very famous business giants like Reliance Industries Ltd, the AdityaBirla Group, and Bharti Enterprises Ltd.

### SIZE OF RETAIL IN ASIA

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>TOTAL MARKET</th>
<th>% OF ORGANISED RETAIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAIWAN</td>
<td>$ 40 BILLION</td>
<td>81%</td>
</tr>
<tr>
<td>MALAYSIA</td>
<td>$ 20 BILLION</td>
<td>45%</td>
</tr>
<tr>
<td>THAILAND</td>
<td>$ 32 BILLION</td>
<td>40%</td>
</tr>
<tr>
<td>INDONESIA</td>
<td>$75 BILLION</td>
<td>30%</td>
</tr>
<tr>
<td>CHINA</td>
<td>$ 325 BILLION</td>
<td>15%</td>
</tr>
<tr>
<td>INDIA</td>
<td>$ 180 BILLION</td>
<td>3%</td>
</tr>
</tbody>
</table>


### INTERNATIONAL RETAILERS EYING INDIA

<table>
<thead>
<tr>
<th>RETAILER</th>
<th>TYPE</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARREFOUR</td>
<td>MULTI-FORMAT RETAILER</td>
<td>POSTPONED ENTRY</td>
</tr>
<tr>
<td>AUCHAN</td>
<td>HYPERMARKETS</td>
<td>EVALUATING</td>
</tr>
<tr>
<td>SHOPRITE</td>
<td>SUPERMARKETS</td>
<td>OPENING IN MUMBAI</td>
</tr>
<tr>
<td>MARKS &amp; SPENCER</td>
<td>LIFESTYLE STORES</td>
<td>ALREADY IN</td>
</tr>
<tr>
<td>DAILY FARM</td>
<td>MULTI-FORMAT RETAILER</td>
<td>TIED UP WITH RPG</td>
</tr>
<tr>
<td>7–ELEVEN</td>
<td>SUPERMARKETS</td>
<td>EVALUATING</td>
</tr>
<tr>
<td>METRO</td>
<td>CASH-AND-CARRY</td>
<td>ALREADY IN</td>
</tr>
<tr>
<td>WAL-MART</td>
<td>HYPERMARKETS</td>
<td>ALREADY IN</td>
</tr>
<tr>
<td>LANDMARK</td>
<td>LIFESTYLE STORES</td>
<td>ALREADY IN</td>
</tr>
<tr>
<td>MANGO</td>
<td>APPAREL RETAILER</td>
<td>ALREADY IN</td>
</tr>
</tbody>
</table>

Source: Business World

**Opportunities Created by Organised Retailing over Unorganised Retailing**

- It leads to better and sophisticated shopping experience.
- It gives a pleasant and unique experience to the customers as they get all the product range under one roof.
- It creates job opportunities to the youth and which ultimately lead to overall growth of the economy.
- Availability of International Brands under one roof with unique experience.
- It leads to getting quality products at reasonable rate with different offers.
- It leads to getting all day long convenient and comfortable shopping experience in a Air conditioned atmosphere.
- It creates an opportunity to cater to the large urban /rural population customers at one place.
It gives an opportunity of one to one personalized way of shopping.

- It leads to pay through plastic money like ATM/Debit/Credit Cards/E-wallets etc.
- It leads to flexibility of Refund/Exchange and also promising festival offers to customers.
- Underground Parking, CCTV Surveillance and civic amenities to customers.

**Challenges Faced by Organised Retailing from Unorganised Retailing**

- Availability of products to customers at their neighbourhood shop.
- Free home delivery to the customers as per their convenience.
- No licence is required and can start it at a very low budget with small grocery shop.
- Benefit of Credit to the regular and loyal customers.
- No Specialised training and approvals are required to open a shop.
- Readily available in very narrow and congested markets and bazaars.
- Creates good relations with customers and which leads to increase in their future sale and profits.
- No need to keep large number of employee as it can run through home shop.
- Illiterate person can also run a grocery shop with limited budget and coverage area thus lead to creating job opportunity.
- Creates goodwill and personal relations with the customers thus lead to loyalty.

**LITERATURE REVIEW**

Puri Anuj (2017) expressed about the current pipeline of mall supply for 2017 looks strong with approximately 11 msf of mall supply expected to become operational across the eight cities, stable economic conditions and growth along with changes in disposable incomes have led to larger per head spending in the last few years, this led to retailers targeting these cities for their presence, thus spiraling demand for retail space.

Akhtar Shahid and Equbal Iftekhar (2012) through light on how retail trade has emerged as one of the largest Industry contributing to employment generation, revenue generation, increased turnover and many more organized retailing is showing signs of enormous creativity.

Kaushik K.R. and Bansal Kapil (2012) stressed upon retail is one of the largest sectors of Indian Economy the unorganized retail sector in India occupies 97% of the retail Business and Rest 3% is contributed by the Organised sector.

Babu Harish. S (2012) mentioned about the retail Industry in India is expected to grow at a rate of 14% by 2013. According to him consumers are always hungry for modern ways of shopping, Indian retail sector is growing fast and its employment potential is growing fast.

Sharma Sanjeev (2011), mentioned about the FDI in multi-brand retail proposal of government of India of large format retail stores like Wal-mart with FDI to the extent of 51% will be allowed to set up shops in big cities. The minimum FDI to be brought in into a project will be $100 million.

Chopra Komal (2011) explained that the retail industry in India can be traced back to the existence of mom and pop stores. These were the neighborhood convenience stores catering to the daily needs of the consumers. The emergence of organized retail chains was seen in the 1980’s when textile companies such as Bombay Dyeing, Raymond’s, S. Kumar and Grasim set up their own stores.

Pathak S.V. and Tripathi P. Aditya(2009) mentioned about the Development of Mega Malls in India is adding new dimensions to the booming retail sector. The genetic growth is likely to be driven by the changing lifestyles and by strong surge in income, which in turn will be supported by favourable demographic patterns.
SuleAbhishek, Kumar Gourav, Poyekar Meeta, Rajput Rajendra, Divate Umesh, (2009) mentioned about Kiranas (grocery shops) have their own advantages and disadvantages. They have survived because they add a personal touch to your shopping experience. They will keep themselves updated with all that is happening with the family. All this makes your shopping experience comfortable and thus you pay a visit to this store at least once a week.

V. Ramanathan (2009) in the article “The New Face of Unorganised Retailers In India-From Convenience to Category Killer” mentioned the entry of organized retailers with their completely integrated marketing practices, franchising agreements, contractual selling, joint ventures and co-promotions creates a profound threat to unorganized retailers and compels them to change their style of doing business from convenience to intensive.

Dr. Biradar et al (2008) in the article “Global Emerging Trends in Retail Management: Indian Prespective”, point out that India’s top retailers are largely lifestyle, clothing and apparel stores followed by grocery stores. The paper further mentions that increasing number of nuclear families, working women, greater work pressure and increased commuting time, convenience has become a priority for Indian consumers. The consumers want everything under one roof for easy access and multiplicity of choice. According to the author, all these aspects offer an excellent business opportunity for organized retailers in the country.

**OBJECTIVES OF STUDY**

1. To understand the various opportunities created by organized retailing.
2. To find out various challenges faced by organized challenges over unorganized retailing.
3. To study the emergence of organized retailing and its significance.

**ANALYSIS OF STUDY**

It had been found that in this study that consumers are very fastly accepting the modern form of shopping at malls, which has this advantages of good atmosphere, wide range of product, multi sections of products and professional management of the mall premises. It was found that consumer’s disposable income has been increased very much which has led to expecting more personal attention, care and professional services by the customers while doing shopping at their nearest shopping malls.

Consumers were visiting malls with the intention that more of global brands would be available at a very competitive and suitable price. As today due to globalization and westernization the foreign goods are becoming part of every Indian consumers. The owners of the malls have realized that the tastes and preferences of the consumers have been changing nowadays, which will result in providing quick service and as well as changing the old stock of goods with new one, so that the customers can be kept intact in today’s fast emerging competition.

Mall owners had found their respective monthly and annual sales turnover figures quite promising and satisfactory. The mall owners are coming up with more unique and contemporary promotional ideas such as festive offers, off season sale, discount, free gifts, better quality and e-payment option like debit/credit cards facilities etc.

**CONCLUSION**

In the present contemporary fast emerging concept of professional mall management and providing the ultimate and innovative products under one roof at competitive prices, the consumers are more inclined towards the rapidly and more consistent modern form of shopping at malls. As they are witnessing the multiple tasks being accomplished at one place, having the advantage of air conditioned environment, with wide range of products, multi section of products and above all professional services to customers and their needs. It was also found that consumer’s disposable income has increased manifold, which has result to
expecting more personalized attention and carefulness while shopping at the malls. Customers have diverted more towards malls due to presence of more and more international or global brands at competitive prices. Customer’s needs and preferences has changed with westernization and globalization, which has resulted in providing quick as well as replacing the old inventory of goods with new one more frequent. The monthly and annual sales turnover figures were also found to be quite promising and encouraging as customers are ready to spent more than usual due to the availability of different product and services. Quality and not the quantity was the foremost thing that customers desired ata very competitive prices.

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