INDIAN RETAIL MARKET: A PROSPECTIVE SCOPE FOR ADOPTION OF INFORMATION TECHNOLOGY TOOLS

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Abstract: Internet has redefined the market space. Retailers need to adopt to information technology tools to meet the new business needs. Indian retail market is growing very rapidly and expected to cross 1 trillion USD in next 5 years. Retailers have to implement latest information technology assets to stay competitive in the market. New technology demands are challenging and adapting to the changes is critical for success. E-business has created new markets thereby more sales opportunities. In this paper, the Indian retail market is discussed and the importance of information technology tools adoption is detailed out. The growing preferences of consumers and their needs are also elaborated in the context of e-business.

Keywords: Retail market, information technology, business intelligence

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1. Introduction

India's retail market is growing rapidly. The current market size is around 500 billion USD and expected to be around 1 trillion USD by 2020. The retail segment is expected to grow multi folds in the coming years across the different market segments. Online business is an important component for the growth trajectory. E-business is booming. Retail giants bank heavily on online shopping. Information technology should be part of the strategy plan. Information technology has revolutionized the business. The focus on customer satisfaction, productivity, operation efficiency is helping to reduce costs. Information technology provides the fundamental support to achieve the targets in the competitive market. The new culture, trend and capabilities are driving the market needs. Retail companies need to be very flexible and scalable to meet the demand. Retail companies like ebay.com, amazon.com and flipkart.com are practical examples of institutionalization of internet technology to meet the growing customer needs.

2. Impact of Information Technology

Information technology is the way forward for any industry. It is very apt and vital in retail industry. It helps build new value proposition, value chains and innovation. Productivity gains are an immediate advantage by implementing information technology. Labor productivity is drastically improved by adopting information technology. The capital investment of information technology may be high but the returns are evident with large scale implementation. Outsourcing is a major advantage and leads to cost reduction in information technology. The scope of innovation is high in retail market segment. Innovations could be incremental or exponential. Implementing information technology assets provides an eco system for the stakeholders to explore and exhibit innovation. Innovation has a direct impact to the efficiency and customer satisfaction. The information technology assets implementation has to be well planned and strategized. The organizational changes should be well articulated to the stakeholders. Adoption is an ongoing challenge within the organization. The software is an important element of any strategic implementation.

The increasing market competition has by default forced retail companies to adopt information technology. In an urban world, every other household has internet connection. It has become the norm of life. Internet means speed of communication. Broadband technologies are

rapidly changing, defining the speed of change. Consumers are looking for flexibility in everything they need. It could be product choice, payment ranges and trial changes. It is important for the organization to explore the maximum advantage of internet. Suppliers and partners can efficiently interact using internet. Steps in value and process chain can be automated. Maximum profit spots can be identified. Productivity and operational efficiency can be enhanced using information technology. Organizations can explore the information technology landscape to enhance their e-business operations. There are a lot of emerging opportunities in the global e-market. Applying the right information technology strategy is important. It should not turn out to be an over head to the organization. Transformation of processes is vital to stay ahead in the competition curve.

3. Information technology in Retail industry

Retailers need to integrate systems across stores to make effective usage of business processes. Systems with enhanced speed and flexibility are required to collect and analyze customer data. In retail segment, retailers need to prioritize product information, customer information and operation information in the system. Product information includes the type of products, product range, product release plan, product promotions and product availability. Customer information includes the customer profile, customer preferences, customer selection and customer payment method. Operation information includes logistics, inventory, scheduling and procurement. Customer always looks for flexibility and convenience. The convenience varies from customer to customer. The quality, range and price should meet all customer needs. Information technology provides the opportunity to build the concepts in plug and play mode using the internet. Online shopping is growing rapidly in developed and developing countries. Almost half of Indian internet consumers shop online. Retailers have started using internet as alternate sales channel. Commerce anywhere is the way forward. Customer can buy, pick-up or return items anytime anywhere.

Business analytics plays a vital role in retail market. Large data warehouses use big data analytics to process data. This defines pricing, demand, customer modification. Virtual mannequins can be built in the portals so that consumers can trial online and view the garments selected. Customer relationship management is an important strategy for an organization. It is important for the retailers to understand and manage customer experiences. Information

technology provides many cloud based solutions to track and manage customer behavior. The senior management should craft a well defined customer retention strategy using information technology assets. Integration is a big challenge especially when retailers are using different legacy systems. Mobile systems and social media system help in providing new data streams that need to be analyzed and used effectively. Globalization is a great opportunity for retailers, but it is complicated and need to be well strategized. Retailers should use systems to listen to customers, understand their pulse and quickly capitalize on what they learn. Social media tools help in market decisions and lead to enhancing customer satisfaction. Integration of social media inputs to market intelligence will lead to successful customer relationship management.

In any retail shopping store the two main information technology areas are point of sale hardware and point of sale software. Touch screens for information or purchase, bar code scanners, magnetic readers, personal device assistants are few examples of point of sale hardware. User interface screens, inventory management, reporting systems, invoicing systems, receivables and account payables are few examples of point of sale software. Retail giants also look at opportunities and combine offerings with other players in the market. Festival offers lead to massive discounts in sales leading to huge volume transactions. System should have the capability to meet the performance and security requirements in such large scale transactions. Millions of product ranges and speed to select and choose with the best deals is what the customers look for. Amazon recently launched a new service offering millions of products from local and international retailers. The dependency on the integrated system to deliver such high volume is the key for success. Information technology infrastructure bandwidth in the city also plays a vital role. Retailers should capitalize on the city infrastructure bandwidth and build technology solutions that meet the customer needs.

User experience is vital in today's demanding customer needs. Building seamless customer experience through an online or offline store is critical. Leveraging social media systems and tools is important. Integrating the data with the retails systems will provide the competitive advantage. Online shoppers are attracted largely by the daily deals and discounts. Brand value is also important and the service provided by the retailer. The consumer behavior is changing. The consumers have access to all the information needed and are very selective in deciding the products. The consumers do enough research in the internet and understand the basics of the products. The details include price, features, durability, service options, other

customer feedback, and loyalty bonus. The integrated system should provide data from all possible sources and synthesize the data needed. Information analytics and data analytics are top priority for any retailer. The role of chief information officer should be to keep looking at options to find new ways to collect consumer data and plug them in to existing systems. Integrated systems transform the way the organization works. Information technology is the best solution for the retail market. There are different technology solutions available in the market based on the need and size. Identifying the right solutions and institutionalizing these systems in the real world will lead to success.

4. Business Analytics

Retailers need to get the personal touch. Consumers today test concepts and products before they actually buy. Retailers should provide opportunity to consumers to explore products, experience and then buy the product. Interesting and innovative approaches go a long way. Business analytics is an important strategy that needs to be built in. Data analytics help to determine and predict consumer behavior. For example in a store, the cashier realized recently few people were buying only through cash as they didn't have credit facility. Given the limitation of the offline store, all products and ranges could not be displayed. Web kiosks were laid such that the consumers can check all the products and ranges in the offline store using internet. Now the data captured based on the usage of this kiosks helped the store to provide different products and it improved customer satisfaction and customer loyalty. 80-20 rule applies in retail segment as well. 20% of the repeated customers lead to 80% of the business. So it is very important to understand the behavior of the repeat customers.

These customers could buy products online or may visit any store. Another example was of a store that tapped data analytics to understand customer behavior. The retailer noticed that whenever there were discounts on sale of kid's shoes, the sale of ladies shoes were high. The retailer used this opportunity and planned a sales strategy that boosted their overall sales. Retail industry is very diverse and challenging. Understanding the culture of each city and country is important while dealing with products and services. Profit margins are thin, volume business drives the profit. Customer expectations are ever changing and ability to scale up and meet the expectation is important. Data analytics systems should be able to collate data, synthesis data and

report data against each store, location, region, product types, pricing, customer preference, customer complaints. Based on the data, systems should be flexible to make immediate changes that can enhance customer satisfaction. Business intelligence including, gathering of data from various legacy systems and current systems is an ongoing challenge. It includes point of sale, inventory management, resource management, training, shipping, financial managements, sales and marketing approaches, customer profiles, customer complaints to name a few.

5. Conclusion

Indian Retail market has seen a fast and rapid growth. Almost half of India's internet consumers are shopping online. The importance of information technology is critical for the success of the Indian retail market. Understanding and responding to consumer behavior is the key to success. E-business is keeping retailers on the run. Every festive day or weekend is an opportunity for retailers to provide discounts and attract customers. Customers rely a lot on the social media applications. Retailers should stay current and have listener systems that can feed in real time customer data and likes. Websites not only provide information but should also provide facility to interact with customers to give and get data. Consumers are also from different generations, different genders and different cultures. This leads to different tastes, likes and dislikes. Catering to all the customer segments is important. The speed in which data can be collated, synthesized and translated to marketing or business process changes is critical. Retailers would have different systems for different needs. Integrating these systems and providing flexible working models determines success for the retailer. The convenience and comfort of the customer is important. Customer user experience is another vital factor for a retailer. There should be a seamless experience for a customer whether it is an online store or offline store. Information technology is the best bet for any retailer. In this paper, the importance of information technology tools adoption is discussed. The Indian retail industry growth is also detailed out. The growing preferences of consumers and their needs are also elaborated. Effective implementation of information technology in the organization should be top down. The chief executive officer and chief information technology officer should prioritize the system needs of the organization. An information technology strategy plan should be laid out and implementation closely monitored. Information systems make or break the organization. The right systems for the right needs are essential for success. Systems should be designed such a

way that it can talk easily to other systems. Plug and play information systems help in sending and receiving data easily. Data analytics leads to business intelligence thereby driving the success of the organization.

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