

INDIAN RETAIL SECTOR: ENHANCING COMPETTIVENESS

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Abstract:

The word 'Retailing' refers to any activity that involves the direct sale to an individual customer or end user. Retailing has been the most active and attractive sector of the last decade. While the retailing industry itself has been present throughout the history in our country, it is only the recent past that has witnessed so much dynamism. Competitiveness refers to –“The ability and willingness to compete by implementing innovative strategies”. The approach of the research is exploratory in nature. Data was collected from different sources like articles, newspapers and various sources of government publication. The present paper is an attempt to find out the various factors which are responsible to enhance the competitiveness of Indian organized retail sector. The study also highlights the present position and scope of retail sector in India. The study found that to enhance the competitiveness in retail sector one should manage real estate cost, train human resources, do SWOT Analysis, and make appropriate pricing policy to satisfying the customer needs.

Key words: Competitiveness, Strategy, SWOT, Human Recourses, Customer Satisfaction.

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Introduction:

The word 'Retailing' refers to any activity that involves the direct sale to an individual customer or end user. Retailing has been the most active and attractive sector of the last decade. While the retailing industry itself has been present throughout the history in our country, it is only the recent past that has witnessed so much dynamism. Retailing arena today is very different. The emergence of organized retailing in India has more to do with the increasing purchasing power of buyers, specially post liberalization, increase in product variety, and the increasing economics of scale, with the aid of modern supply and distribution management solutions. The current retailing revolution has been provided impetus from multiple sources. These revolutionaries include many:

- Conventional stores upgrading themselves to modern retailing.
- Companies in competitive environments entering the market directly to ensure exclusive visibility for their products.
- Professional chain stores coming up to meet the need of the manufacturers who do not fall into either of the above categories.
- Attractiveness, accessibility and affordability seem to be the key offerings of the retailing chain.

In our presentation, we shall be restricting ourselves to the Organized Retailing Sector. Organized retailing mainly comprises of Malls, Branded Stores, Specialty Stores, Departmental Stores, and Discount Stores etc.

The world's leading nations are not, to any important degree, in economic competition with each other. Competitiveness refers to –“The ability and willingness to compete by implementing innovative strategies and targeting methodologies to gain profitability and the most important underlying criteria of competitiveness is – “profitability’ and “productivity”, that is, increased competitiveness is reflected by sustained growth in productivity and profitability. Competitiveness is a comparative concept, primarily applicable at the company or firm level and indicates towards its willingness and ability to compete in a given market, but the contemporary usage of

this term has extended its traditional meaning to new dimensions. Highly competitive entities are winner in global competitiveness game.

Review of literature:

During the course of this study a number of books, journals, research papers, and articles have been consulted and reviewed. The available literatures on the present study have been extensively reviewed and summarized in the following paragraphs.

Mehrotra, Nitin (2007) in his book entitled “Indian retail sector- A premier” tries to analyze the Indian organized retail sector in the light of the emerging landscape. It tries to capture the organized retail sector characteristics, with an overview of the current status and also depicts the future scenario. It is broadly divided into two parts, the first part covering the industry analysis and the second part, presenting the brief profile of the top run organized retail companies in India. It further says that a strong co-relation of economic growth, coupled with changing consumer behavior is leading to increased penetration of organized retailing in India.

Ogden, James. R and Ogden, Denise.T (2005) in their book entitled “Integrated Retail Management” states that this book is a cohesive introduction to various elements essential for effective retail management. A flow chart at the beginning of every chapter elucidates retail management, cases covering small medium and large retailers.

Rao, N Janardhan and Pothal, Siba Prasad (Dec2008) in their paper entitled “FMCG on the growth path” emphasize that with huge consumer base, rapidly growing organized retail and tremendous market potential, FMCG sector does have a lot of potential for growth. Higher rural penetration would increasingly encourage the FMCG industries to rush into the rural segment. But the road to success may not be so rosy. The situation would be more challenging with the emergence of regional brands, rising competitive environment, input cost pressure and infrastructure bottlenecks are the major causes of concerns for the industry.

Madaan, K V S (2009) in his book entitled “Fundamentals of retailing” states that it is a comprehensive coverage and discusses all the important aspects of retailing. The subject matter is presented in a short and crisp manner; it focuses on current developments in the Indian retail scenario. Good practices adopted by retailers in India and abroad are presented. It is a rich pedagogy for easy learning.

Objectives of the Study

The Competitiveness of a nation is largely dependent upon the competitiveness of the key sectors of the economy, which impact the country's growth, where sound macroeconomic measures are necessary. The objectives of the study are as follows:

- To study and ascertain the status of the Indian retail sector.
- To find out the various factor to enhance the competitiveness of this sector.
- To study scope and prospects of retail sector.

Research methodology

The research methodology is based on the secondary data which include compilation of research article of the experts. Data was collected from different sources like articles, newspapers and various sources of government publication. The approach of the research is exploratory in nature.

Present Position and Scope of Retail Sector

According to the report of Indian brand equity foundation, industry is estimated to grow from the US\$ 330 billion in 2007 to US\$ 427 billion by 2010 and US\$ 637 billion by 2015. Simultaneously, modern retail is likely to increase its share in the total retail market to 22 per cent by 2010. In the recent report published by ASSOCHAM the organized segment of the retail industry is expected to grow at a faster pace of 40% to increase its business by 51\$ billion, this means a share of over 12 percent against the current seven percent. The Indian retailing industry is becoming intensely competitive, as more and more players are vying for the same set of customers. The other factors in India's favor include booming middle class, rising income, increasing consumption etc.

Factors to be Considered for Enhancement of Competitiveness

The biggest challenge for an Indian organization today is to be competitive, not only in the country but globally also. Competitiveness, being a multi-dimensional concept, can be enhanced through many following ways.

- **Managing high real estate cost:** cost of location is the key factor in deciding a retail outlet's success. In India, retailers find it difficult to acquire land of different size at retail location, particularly in the larger cities. So competitiveness can be enhanced to choose the right location with minimum cost.
- **Managing supply chain:** availability of goods to the customer is very important. Customer can be satisfied through managing supply of goods. Supply chain and inventory management are vital tools to retain the customers. A customer wants the goods at right time. It not only helps to satisfy the customers but also indicates how much quantity should a retailer keep as safety. A common perception and experience is that supply chain management leads to cost savings, largely through reductions in inventory. Such cost savings have led many to pursue inventory-reduction strategies in the supply chain.
- **SWOT Analysis:** a firm should find out the strengths, weaknesses and threats in their business. They should come forward to catch the opportunities which are available in the market.
- **Managing pricing of goods:** To survive and thrive in the highly competitive retail world, retailers must become more attentive and meticulous with their pricing. More than ever before, the financial success of companies selling retail goods depends on their price strategy. Consumers demand fair prices in exchange for their business and are constantly comparison shopping. With the ever-present pressures from shrinking margins, rising costs, and competition, winning in the retail arena today demands price strategies that reliably and frequently guide retailers' decision-making.
- **Managing human resources:** to get the objectives of business we must have well trained and satisfied work force. In retailing workers have to train enough to understand the customer. They must have good communication skills. Worker having skills, knowledge and experiences can enhance productivity.

Conclusion

Critically looks into the distinctive competitive features of organized retail sector we can suggests that approach towards 'best-practices' for above mentioned points would yield better results in enhancing competitiveness of this industry. Also, the need for sound perspective in planning and "private-public-

community” participation is imperative for this purpose. This paper was an attempt to find out the various factors responsible to enhance the competitiveness’ of organized retail sector. The study found that to enhance the competitiveness in retail sector one should manage real estate cost, train human resources, do SWOT Analysis, and make appropriate pricing policy to satisfying the customer needs.

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