

# Retailing Industry- Current Scenario and Future Prospects

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## Abstract

Retail activity enables the manufacturer to pass on the product to the consumer. The paper focuses on how the industry has grown and what is the present condition of the retail market and what are the future aspects of this sector. In India retailing is considered as a important contributor in the economic development as it contributes to the nation's wealth. Indian retail industry is divided into two major segments organized and unorganized retail. The emerging aspect in this industry is E-retail. Though the unorganized sector's dominance in the market cannot be ignored yet the organized and E-Retailing sectors are picking up pace and growing. In India, there is a co-existence of all the sectors.

**Key words:** retailing, retailing industry, organized retail, unorganized retail, e-retail.

## Introduction

Retail means to make products and services available to the final consumer in petite quantities. Selling in little quantities as opposed to wholesale or bulk quantity is called as retailing. Retail marketing carries a range of activities performed by a retailer to promote awareness and trading of the marketer's products. Retail is the sale of product or service to final consumer, not for resale, but for use and consumption by the buyer. The retail transaction is the last link at the end of the supply chain. Manufacturers sell hefty quantities of products to retailers, and retailers try to sell these into minute quantities to consumers.

According to Philip Kotler "Retailing includes all those activities in- volved in selling products and services to the final customers for per- sonal or non-business use".

The paper tries to put a light on the present condition of Indian retail industry and what is its future.

## Methodology

The study done on the basis of secondary data published in form of reports and on different websites of Indian companies and authoritative bodies engaged in the Indian Retailing Industry.

## Classification of Retailing

The retailing industry can be broadly classified into three segments:

- Unorganized Retail
- Organized Retail
- E- Retail

## Unorganized Retailers:

Unorganized Retailers are independent sellers and generally owners of the shops which are normally small in size. These are owned and managed by the owner or the caretaker, this type of retailing does not follow accounting standards and is not properly managed. They do not even pay taxes at times and are not registered form of retail. Conventional Kirana shops, general stores, corner shops among various other

small retail outlets selling different items in small quantity, are examples of it. Normally not paying tax to the government, majority of them are managed or controlled by the local government authorities.

### Organized Retailers

Organized Traders/Retailers are those who are licensed for doing trading activities and registered to pay different taxes to the government. These are big trading houses which by maintaining proper accounts and in turn paying taxes contribute to the country's economic development and increase or contribute to the GDP.

### E-Retail

The budding inclination in the retail industry is E-Retail or online retailing. This format of retailing is picking up its tempo and is making its mark. Online retailing means when a business sells its merchandise by the means of E-commerce. The product is viewed on the computer, laptop, tablet, or phone, its uniqueness, its specifications and its price are mentioned. If the consumer likes the merchandise he places the order and the product is transported at the doorstep.

India has been a country of 'dukandars' – around 12 million retailers – being more retail shops than in the rest of world put together. Retailing has been in our blood - as shopkeepers or as shoppers. But things are altering in the nation in the way shopping is done, the way retailing is getting restructured and structured, and the way people are looking at this industry – as students, as shoppers and as academicians. -----

### Kishore Biyani--- CEO Future Group

Retail market in India is expected to nearly be US\$ 1 trillion by 2020 from US\$ 600 billion in 2015, due to income boom, urbanization and attitudinal shifts. The traditional trade is expected to grow at 10 per cent per annum, while the modern trade is expected to be double at 20 per cent, the overall retail market is expected to grow at 12 per cent per annum.

The Business to Business (B2B) e-commerce trade is estimated to reach US\$ 700 billion by 2020, and Business to consumer (B2C) e-commerce trade is predictable at US\$ 102 billion by 2020, whereas physical retail and online retail are anticipated to be at par in next 5 years.

With rapid increase in the number of internet users and huge investments being made in this sector, India is likely to become the world's fastest growing e-commerce market. Various organizations have towering expectations about growth of Indian e-commerce markets. Indian e-commerce sales in the FY2016 are estimated at US\$ 30 billion and are expected to reach US\$120 billion by 2020.

Further, India's e-commerce market is projected to reach US\$ 220 billion in terms of gross merchandise value (GMV) and 530 million buyers by 2025, driven by faster speeds on reliable telecom networks, faster adoption of online services and better variety as well as convenience.

India's direct selling industry is estimated to reach an amount of Rs 23,654 crore (US\$ 3.51 billion) by FY2019-20, as per a combined repo by India Direct Selling Association (IDSA) and PHD.

### Growth of Indian Retail Market

The following table shows growth of Indian Retail Market from 2008- 2009 to 2013-2014.

Year	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Retail Market (figures in Rs. Cr.)	1,731,743	2,119,634	2,221,764	2,850,055	3,382,228	3,893,425

**Source:** Indian Retail Report 2015, Published by Images Multimedia Pvt. Ltd., New Delhi

Organized Retail Market in India



Source: TSMG Analysis

Total Retail and Retail Ecommerce Sales in India

The following table shows total retail and retail ecommerce sales from 2013 to 2018.

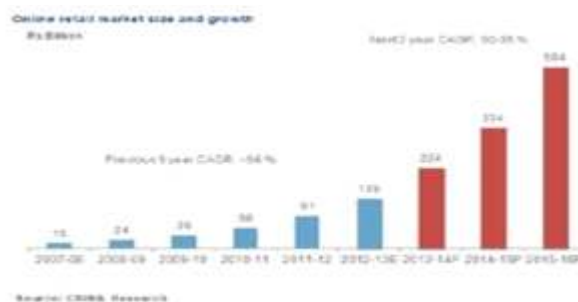
	2013	2014	2015	2016	2017	2018
<b>Total retail sales</b>	<b>\$635.25</b>	<b>\$717.83</b>	<b>\$818.33</b>	<b>\$941.08</b>	<b>\$1,082.24</b>	<b>\$1,244.58</b>
—% change	10.0%	13.0%	14.0%	15.0%	15.0%	15.0%
<b>Retail ecommerce* sales</b>	<b>\$3.59</b>	<b>\$5.30</b>	<b>\$7.69</b>	<b>\$10.68</b>	<b>\$14.18</b>	<b>\$17.52</b>
—% change	55.6%	47.6%	45.2%	38.9%	32.8%	23.5%
—% of total retail sales	0.6%	0.7%	0.9%	1.1%	1.3%	1.4%

*Note: converted at the exchange rate of US\$1=INR\$65.2; excludes travel and event tickets; \*includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment*  
Source: eMarketer, Dec 2014

Source: E-Marketer, Dec 2014

Online Retail Market Size and Growth

The following table shows online retail market size and growth in India from 2007-08 to 2015-16.



Source: Crisil Research

### Indian Retail Market (Organized & Traditional) Percentage Share

The following table shows percentage share of organized and unorganized segment of Indian Retailing Industry

Year	Organized Retail Market(Shopping Malls)	Traditional Retail Market (Nearby grocery shops)
2005	3.6	96.4
2007	4.1	95.9
2010	5.0	95.0
2012	8.0	92.0
2015E	21.0	79.0
2020E	24.0	76.0

### E - Expected

Adapted from Research Paper titled “Retail Sector in India: Present Scenario, Emerging Opportunities and Challenges “by Prof. Kalpana Singh (Amity School of Economics/ Amity University, Noida, U.P., India) published in IOSR Journal of Business and Management (IOSRJB) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 16, Issue 4. Ver. I (Apr. 2014), PP 72-81 Adapted from Research Paper titled “Retail Sector in India: Present Scenario, Emerging Opportunities and Challenges “ by Prof. Kalpana Singh (Amity School of Economics/ Amity University, Noida, U.P., India) published in IOSR Journal of Business and Management (IOSRJB) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 16, Issue 4. Ver. I (Apr. 2014), PP 72-81

### Robust Consumption to Propel FMCG Market & Strategies Adopted By Retailers



Source: TechSci Research

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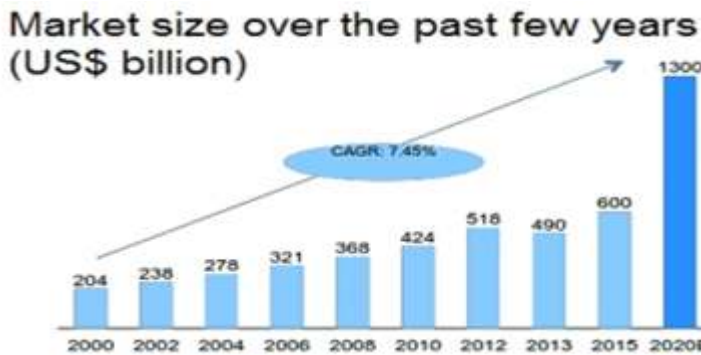
**Journey of Organized Retail in India**

The following table shows journey of organized retail in India.

Year	Growth	Function
2000	First Phase	Growth, Expansion, Top line focus
2005	Second Phase	Range, Portfolio, Former options
2008	Third Phase	End to end supply chain management, Backendoperation, Technology, Process
2011	Fourth Phase	M&A, Shakeout, Consolidation, High investment

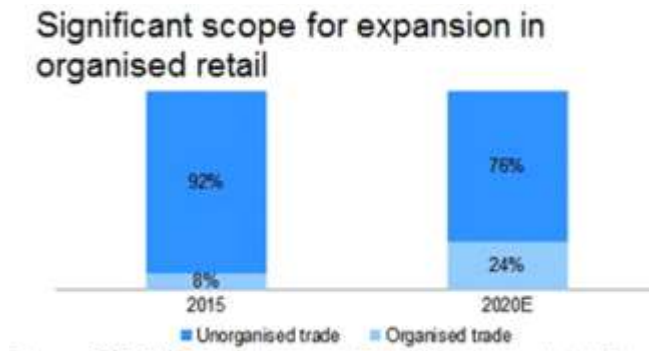
**Source:** A Report by Ernst & Young for IBEF, [www.ibef.org/download%5cRetail\\_220708.pdf](http://www.ibef.org/download%5cRetail_220708.pdf)

**Market Size Increase Over Past Years (US\$ Billion)**



**Source:** BCG Retail 2020. Ernst & Young, Deloitte, [indiaretailing.com](http://indiaretailing.com), Economist Intelligence Unit, Euro monitor, Techsci Research. (E-Expected)

**Scope for Expansion in Organized Retail**



**Source:** BCG, KMPG-[indiaretailing.com](http://indiaretailing.com), Deloitte Report, Winning in India's Retail Sector, Techsci Research Notes: 'Mom-and Pop' stores are small stores that are typically owned and run by members of a family, E-Estimate

### Concluding Remarks

In developed economies organized retailing is an old concept but in India it came after 1991 and took the thrust after 2001 and this can be seen by referring the above data's presented in the tables. In India there is pre-dominance of unorganized retailing segment as its contribution is round 95 % but slowly and gradually with each passing year organized retailing segment is making progress and it is anticipated that in 2020 the expected contribution of this segment will be 24 %. Online shopping segment is gaining the attention of young generation of India with passage of time and there are gigantic potentialities in this fragment of Indian Retailing industry. A T Kearney, a US Based international management consulting firm has graded India as the fourth most attractive nation for retail investment among 30 prospering markets. It is estimation that in 2017, Indian retail market would project Rs. 6,156,333 Cr. and it will go up in years to come. In the view of Mr. KV Thomas, Former Union Minister for Food and Consumer Affairs, Indian Retail Market size will be 1.3 trillion US dollar in 2020

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