



.....

PERFORMANCE OF INDIAN RETAIL INDUSTRY - AN OVERVIEW OF RETAIL SECTOR

Gurjit Singh

Assistant Professor in Commerce

Trai Shatabdi GGS Khalsa College, Ramsar Road, Amritsar, India

ABSTRACT

The retail stores are not a new unit, they have been in this world from the early 50's and in India they have been showing their presence in various forms like departmental stores, super markets, Discount Stores, Hyper- mart, Shopping Malls etc. India has become the sought after destination for global brands and retailers owing to escalating consumerism, unprecedented awareness and youth centric customer base. The apparel retail sector in India has really appeared as a successful venture owing to its more than 35% share in the overall retail sector in India. The study Recent Trends and Developments in Apparel Retailing in India is mainly dealing with apparel retailing covering some of the popular malls in India.

Keywords: Apparel, Marketing, consumerism, retail & consumer preferences

INTRODUCTION

Retailing in India, is probably, as old as the Indus valley civilisation. With a retail density of 5.5 outlets for every 1000 people and a per-capita retail space of 2square feet per person, India is truly a nation of shopkeepers. However, organised retailing, as a professional, service oriented set-up, to provide the consumers with a completely new shopping experience, is a phenomenon in the 1990's. With factors, such as families being nuclearized, a younger Indian consumer, exposure to global lifestyles, lifting of import curbs and increasing interest of corporate sector in retailing, the retail revolution has begun.

The apparel retail industry comprises sales of all men's wear, women's wear and children's wear. The men's wear sector retails the outer and under garments for men and boys. The women's wear sector consists of the sale of all women and girls' garments including dresses, suits and coats, jackets, tops, shirts, skirts, blouses, sweatshirts, sweaters, underwear, etc. The children's wear sector includes sales of garments for children between the ages of 0–2 years.

Apparel retailing together with accessories and luxury goods sales, formed 74.5% of the market for the global apparel and textiles industry, which generated total revenues of USD1.3 trillion in 2008. In comparison, the unprocessed textiles retailing sector (cotton yarn, rayon and acetate, synthetic fibres and wool yarn) was worth USD221.1 billion, which represented 13.7% market share of the global apparel and textiles industry.

Indian's apparel retail industry has generated total revenues of USD27 billion in 2008, representing a CAGR of 10.9% for 2004–2008. Apparel is the second largest retail category in the country, representing 10% of the retail market. In India, Western-style branded apparel merchandising is gathering momentum in the country's apparel retail industry. India's Gen Y is increasingly being exposed to Western culture through films and cable television. A large, young working population, growing numbers of working women and emerging opportunities in the services sector are all boosting the average spending of affluent consumers on branded clothing.

RETAIL INDUSTRY: APPARELS

The apparel retail industry comprises sales of all men's wear, women's wear and children's wear. The men's wear sector retails the outer and under garments for men and boys. The women's wear sector consists of the sale of all women and girls' garments including dresses, suits and coats, jackets, tops, shirts, skirts, blouses, sweatshirts, sweaters, underwear, etc. The children's wear sector includes sales of garments for children between the ages of 0–2 years.

Apparel Retailing, together with accessories and luxury goods sales, formed 74.5% of the market for the global apparel and textiles industry, which generated total revenues of USD1.3 trillion in 2008. In comparison, the unprocessed textiles retailing sector (cotton yarn, rayon and acetate, synthetic fibres and wool yarn) was worth USD221.1 billion, which represented 13.7% market share of the global apparel and textiles industry.

Internet Retailing is growing in popularity among consumers. Consultants from Retail Forward Inc. reported that 25% to 30% of online consumers purchase some type of online clothing every month. Online retailers provide payment options such as credit cards, debit cards, bank transfers, and other electronic payment systems such as PayPal. Many consumers cited convenience and cheaper prices as being among the reasons they shop online. Online retailing for clothes is expected to grow over the next few years. There is a huge potential for Internet retailing to become a viable alternative distribution channel in the clothing sector.

Large retailers in Hypermarkets or large-scale retail store formats are rapidly expanding their market share in the Asia-Pacific apparel retail industry. Large retailers offer lower prices and a greater range of products and allow consumers to shop in one place. For the clothing and footwear market, displays are very important as they enable consumers to get to know the products quickly. Good displays require large spaces, large department stores, and unique specialty stores are in the best position to provide this. In Singapore, specialist retailers account for more than 40% of total sales for clothing retail. Specialist retailers sell more branded products. Though brands are also available in department stores, there has been a growing trend towards brand manufacturers developing their own retail stores. Private label products are also popular in apparel retailing at department stores in Singapore.

China's Apparel Retail Industry is the fastest growing in the world, together with Brazil and India. The Chinese industry's compound average growth rate (CAGR) is at 7.9% for

2004–2008, driven by the country's rapid economic expansion and subsequent increase in consumer purchasing power. AT Kearney highlighted that an affluent middle class that regularly buys mid- to high-end apparel is emerging in the country's urban areas. With gradual liberalisation of the country's retail markets, and having steadily opened up the market to foreign giants, the potential for further growth in the Chinese apparel retail industry is immense. However, the increased competition will lead Chinese apparel retailing to lower prices and a possible deceleration in the near future. The market value is expected to reach USD106.2 billion by the end of 2013.

Indian Apparel Retail Industry generated total revenues of USD27 billion in 2008, representing a CAGR of 10.9% for 2004– 2008. Apparel is the second largest retail category in the country, representing 10% of the retail market. In India, Western-style branded apparel merchandising is gathering momentum in the country's apparel retail industry. India's Gen Y is increasingly being exposed to Western culture through films and cable television. A large, young working population, growing numbers of working women and emerging opportunities in the services sector are all boosting the average spending of affluent consumers on branded clothing.

TRENDS AND INFORMATION TECHNOLOGY IN RETAIL SECTOR

Over the years, as the consumers demand increased and the retailers geared up to meet this increase, technology evolves rapidly to support this growth. The hardware and software tools that have now become essential for retailing can be categorized as follows:

Bar coding and Scanners

Point of sale systems use scanners and bar coding to identify an item, use pre-stored data to calculate the cost and generate the total bill for a client. Tunnel scanning is a new concept where the consumer pushes the full shopping cart through an electronic gate to the point of sale. In a matter of seconds, the items in the cart are hit with laser beams and scanned. All that the consumer has to do is to pay for the goods.

Payment

Payment through credit cards has become quite widespread and this enables a fast and easy payment process. Electronic cheque conversion, recent development in this area, processes a cheque electronically by transmitting transaction information to the retailer's and customer's bank, rather than manually process a cheque, the retailer avoids it and hands it back to the customer along with a receipt, having digitally captured and stored image of the cheque, which makes the process very fast.

Internet

Internet is also rapidly evolving as a customer interface, removing the need of a consumer physically visiting the store.

CRM Systems

The rise of loyalty programs, mail order and the internet has provided retailers with real access to customer data. Data warehousing and mining technologies offer retailers the tools they need to make sense of their consumer data and apply it to business. This along with the various available CRM (Customer Relationship Management) systems, allow the retailers to study the purchasing behavior of customers in detail and grow the value of individual consumers to business.

Advanced Planning and Scheduling Systems

APS systems can provide improved control across the supply chain, all the way from raw material suppliers' right through to the retail shelf. These APS packages complement existing (but often limited) ERP packages. They enable consolidation of activities such as long term budgeting, monthly forecasting, weekly factory scheduling and daily distribution scheduling into one overall planning process using a single set of data.

Store Site Location

Demographics and buying patterns of residents of an area can be used to compare various possible sites for opening new stores. Today, software packages are helping retailers not only in their location decisions but also in decisions regarding store sizing and designing.

RETAIL INDUSTRY: APPARELS

The apparel retail industry comprises sales of all men's wear, women's wear and children's wear. The men's wear sector retails the outer and under garments for men and boys. The women's wear sector consists of the sale of all women and girls' garments including dresses, suits and coats, jackets, tops, shirts, skirts, blouses, sweatshirts, sweaters, underwear, etc. The children's wear sector includes sales of garments for children between the ages of 0–2 years.

Apparel Retailing, together with accessories and luxury goods sales, formed 74.5% of the market for the global apparel and textiles industry, which generated total revenues of USD1.3 trillion in 2008. In comparison, the unprocessed textiles retailing sector (cotton yarn, rayon and acetate, synthetic fibres and wool yarn) was worth USD221.1 billion, which represented 13.7% market share of the global apparel and textiles industry.

Changes in Consumer Preferences and limited consumer spending power in some developed markets in the US, Germany and Japan have slowed down growth of the global apparel and textiles industry. Asia-Pacific apparel retailing grew by 3.1% to reach a value of USD224.4 billion, contributing 32.8% to the size of the world market. The region is forecast to have an apparel retail market value of USD259.6 billion by 2013. Women's wear retailing accounted for 52.1% of the region's market, generating total revenues of USD116.8 billion in 2008. Sales of men's wear form 30.1% of the region's market value with USD67.5 billion.

Internet Retailing is growing in popularity among consumers. Consultants from Retail Forward Inc. reported that 25% to 30% of online consumers purchase some type of online clothing every month. Online retailers provide payment options such as credit cards, debit cards, bank transfers, and other electronic payment systems such as PayPal. Many consumers cited convenience and cheaper prices as being among the reasons they shop online. Online retailing for clothes is expected to grow over the next few years. There is a huge potential for Internet retailing to become a viable alternative distribution channel in the clothing sector.

Large Retailers in Hypermarkets or large-scale retail store formats are rapidly expanding their market share in the Asia-Pacific apparel retail industry. Large retailers offer lower prices and a greater range of products and allow consumers to shop in one place. For the clothing and footwear market, displays are very important as they enable consumers to get to know the products quickly. Good displays require large spaces, large department stores, and unique specialty stores are in the best position to provide this. In Singapore, specialist retailers account for more than 40% of total sales for clothing retail. Specialist retailers sell

more branded products. Though brands are also available in department stores, there has been a growing trend towards brand manufacturers developing their own retail stores. Private label products are also popular in apparel retailing at department stores in Singapore.

Indian Apparel Retail Industry generated total revenues of USD27 billion in 2008, representing a CAGR of 10.9% for 2004– 2008. Apparel is the second largest retail category in the country, representing 10% of the retail market. In India, Western-style branded apparel merchandising is gathering momentum in the country’s apparel retail industry. India’s Gen Y is increasingly being exposed to Western culture through films and cable television. A large, young working population, growing numbers of working women and emerging opportunities in the services sector are all boosting the average spending of affluent consumers on branded clothing.

Major Formats of In-Store Retailing

Format	Description	The Value Proposition
Branded Stores	Exclusive showrooms either owned or franchised out by a manufacturer.	Complete range available for a given brand, certified product quality
Specialty Stores	Focus on a specific consumer need, carry most of the brands available	Greater choice to the consumer, comparison between brands is possible
Department Stores	Large stores having a wide variety of products, organized into different departments such as clothing, house wares, furniture, appliances, toys, etc.	One stop shop catering to varied/ consumer needs.
Supermarkets	Extremely large self-service retail outlets	One stop shop catering to varied consumer needs
Discount Stores	Stores offering discounts on the retail price through selling high volumes and reaping economies of scale	Low Prices
Hyper- mart	Larger than a supermarket, sometimes with a warehouse appearance, generally located in quieter parts of the city	Low prices, vast choice available Including services such as cafeterias.
Convenience stores	Small self-service formats located in crowded urban areas.	Convenient location and extended Operating hours.
Shopping Malls	An enclosure having different formats of in-store retailers, all under one Roof.	Variety of shops available to each Other.

Indian Retail - Expanding the Number of Formats: In modern retailing, a key strategic choice is the format. Innovation in formats can provide an edge to retailers. Organized retailers in India are trying a variety of formats, ranging from discount stores to supermarkets to hypermarkets to specialty chains.

Formats Adopted by Key Players in India

Retailer	Original formats	Later Formats
RPG Retail	Supermarket (Food world)	Hypermarket (Spencer's) Specialty Store (Health and Glow)
Piramal's	Department Store (Piramyd Megastore)	Discount Store (TruMart)
Pantaloon Retail	Small format outlets (Shoppe) Department Store (Pantaloon)	Supermarket (Food Bazaar) Hypermarket (Big Bazaar) Mall (Central)
K Raheja Group	Department Store (shopper's stop) Specialty Store (Crossword)	Supermarket (TBA) Hypermarket (TBA)
Tata/ Trent	Department Store (Westside)	Hypermarket (Star India Bazaar)
Landmark Group	Department Store (Lifestyle)	Hypermarket (TBA)
Others	Discount Store (Subhiksha, Margin Free, Apna Bazaar), Supermarket (Nilgiri's), Specialty Electronics	

STUDY

RESEARCH DESIGN

To know the recent trends and developments in apparel retailing it was necessary to get feedback from the apparel retailers. For this it was decided that the right mode of approach could be a combination of surveys which is a mix of exploratory and descriptive research. This result is based on both primary and secondary data.

SAMPLE DESIGN

Universe: All the apparel retailers of Indian market mostly malls and exclusive outlets. Universe is all about the total size of population; it covers the whole area of apparel retail market.

Sample Size: 150 apparel retailers. Sample size of study shows the number of retailers selling apparels in the Indian market.

Sampling Method: The sample has been collected by the questionnaire, which were given to the respective retailers in person. The respondents who filled the response sheets were the people who were operating their own retail outlet or working as manager there.

SOURCES OF DATA

Primary data – Primary data was collected through a well structured questionnaire designed separately for apparel retailers. A pilot study was conducted to test the utility of the questionnaire and necessary changes were being made.

Secondary data – Secondary data are collected from various books, websites, magazines and journals.

DATA ANALYSIS AND INTERPRETATION

- 96.67% of the apparel retailers are satisfied with the sales happening in their stores. So they are having good sales
- Discounts and freebies are one of the important techniques of attracting customers to the apparel stores. 95.33% of apparel retailers are providing discounts and freebies to their customers.

- Every retailer have give importance to feedback received from the customers, as they increase the confidence of the customers regarding the retailers. 96% of apparel retailers give importance to customer feedback.
- Every apparel retailer should maintain a customer database of their regular customers. This helps the retailers to offer customised service each and every customer. But unfortunately only 8% of the apparel retailers in India maintain customer database.
- Every apparel retailer should intimate their customers about the annual, seasonal, festive sale etc. This helps to customers to know about sale going on in the particular shop. But unfortunately only 16% of the Indian apparel retailers are intimating their customers about the annual, seasonal, festive sale etc.
- Every retailer should extend greetings to their customers on special occasions like festivals, this makes them feel important. But only 40.67% of Indian apparel retailers are greeting their customers on special occasions.
- Every apparel retailer should cope up with the latest trends to suit the changing preference of the customers. 96% of the Indian apparel retailers are coping up with the latest trends to suit the changing customer preference.
- This survey shows that today almost 90.33% of Indian customers prefer branded products compared to local products.
- Today more than 94% of Indian customers in cosmopolitan cities are influenced by mall culture than shopping in exclusive outlets.
- 86% of Indian apparel retailers think that retail industry has more customers from urban areas than from rural and semi rural areas.
- According to Indian apparel retailers 88.97% of people visiting malls are youngsters and working women.
- Apparel retailers in India should facilitate EMI facility to salaried class to induce them to try branded apparels. But unfortunately less than
- 67% is providing this facility to their customers.
- All the retailers should promote the use of eco-friendly reusable paper bags which helps in protecting our environment. But unfortunately only 6.67% of Indian apparel retailers are using eco-friendly reusable paper bags.
- Apparel retailers should offer the exchange and buyback offers to the customers to keep them at ease while shopping. But unfortunately only 4% of the Indian apparel retailers are providing this facility.
- Apparel retailers should provide seasonal clothing line to suit the needs and trends of those seasons. 91.33% of Indian apparel retailers are offering different range of clothing during different seasons.
- Indian apparel retailers should offer gift vouchers to attract and retain customers. But only 16.67% of Indian apparel retailers are managing to provide gift vouchers.
- Apparel retailers should offer membership cards to their regular customers for enduring customer relationship. But unfortunately only
- 67% of Indian apparel retailers are offering membership cards to their regular customers.
- FDI is bringing vast opportunities for development of retail sector. But only 51.33% of the Indian apparel retailers agree with this.

SUGGESTIONS

- Customer database has to be maintained by the Indian apparel retailers as it is facilitating customised service to the customers. It even serves the purpose of intimating the customers regarding annual, seasonal, festive sale etc.
- Apparel retailers in India must also consider the rural and semi-rural customers as most of them today have purchasing power and can afford to buy.
- Malls and retailers in India must also concentrate on styling products for middle aged people.
- Apparel retailers in India must provide easy instalment facility to salaried class as this induces them to try branded apparels.
- Apparel retailers in India must advocate the usage of eco-friendly reusable paper bags to promote green marketing.
- Apparel retailers in India must offer exchange and buyback offers to their customers, to make them feel at ease.
- Small apparel retailers in India have to consider FDIs in expanding their horizons.
- Apparel retailers in India must concentrate on the plus sized customers by offering wider varieties and colours in plus sized apparels.
- Apparel retailers in India must provide opportunities for the customers to avail membership cards, gift vouchers, discount coupons etc., to provide customer delight.
- Apparel retailers in India must provide personal touch to their regular customers in the form of seasonal and festive greetings.

CONCLUSION

E-commerce is expanding steadily in the country. Customers have the ever increasing choice of products at the lowest rates. E-commerce is probably creating the biggest revolution in the retail industry, and this trend would continue in the years to come. Retailers should leverage the digital retail channels (e-commerce), which would enable them to spend less money on real estate while reaching out to more customers in tier-2 and tier-3 cities. Both organised and unorganised retail companies have to work together to ensure better prospects for the overall retail industry, while generating new benefits for their customers. Indian apparel retail sector has become one of the important sectors in the Indian retail industry. More than 35% of Indian retail sector comprises of apparel retailing. This sector is also bringing in new trends in retailing and is the most developing and profitable sector. Based on the interpretation of my study, I have come to the conclusion that the apparel retailers are happy with their sales, they are prioritizing customer feedback and offering discounts and freebies to the customers. They must try to lay emphases on green marketing, promote usage of eco-friendly products to make this world a better place to live. FDI must be encouraged for sustainability and enrichment of Indian retail market.

REFERENCES

1. Forsythe, S. and Kim, J. (1999). Product cue usage among consumers in two Asian markets, *Asian Pacific Journal of Management*. Vol 16, Issue 2, 275-292.
2. Forsythe, S.M. and Kim, J.O. Cross-Cultural Consumer Needs and Purchase Behaviors, *Journal of International Consumer Marketing*, (to be submitted).
3. Forsythe, S., & Shi, B. (1999). A Communication-Based Model of Online Marketing. Presented at the 1999 ACRA Spring Conference, Tucson, AZ.

4. Forsythe, S., & Kim, J., Gu, Z. & Moon, S. (1999). Cross-Cultural Consumer Needs and Purchase Behaviors. Presented at the 1999 ACRA Spring Conference, Tucson, AZ.
5. Kim, J. and Forsythe, S. (1997) Effect of Brand Name on Product Perceptions in Asian Markets. ITAA Annual Conference, Knoxville, TN. Abstract published in the proceedings.
6. Caine, C. and Forsythe, S. Consumer (1997). Consumer Choice of U.S. Brands in Foreign Markets: Opportunities for Alabama Textile and Apparel Manufacturers, Highlights of Agricultural Research, 44(3), 3-4.
7. Kim, J., Cavender, D., Forsythe, S., and Jeon, K. (1996). Cross-Cultural Comparison of Consumer Attitudes of a U.S. Brand Product among Korean and Mexican Consumers, Journal of the Korean Society of Clothing and Textiles, 20(3), 493-501.
8. Jeon, K. and Kim, J. (1966). Consumer Attitude Toward Purchasing U.S. Brand Jeans. The Journal of Korean Society of Costume, 28(3), 225-237.
9. <http://www.fibre2fashion.com/industry-article/market-research-industry-reports/indian>
10. <https://blogs.siliconindia.com/ganeshantre/Retail-Marketing--its-Emerging-Trends-in--Perspective-of---India- bid-1WVp73wI53581513.html>
11. <https://www.ibef.org/industry/retail-india.aspx>