

Abstracts

TENTH INTERNATIONAL SEMINAR ON ORGANISED RETAILING: BOON OR BANE

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EXCERPTS FROM PAPER PRESENTATIONS

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PAPER 1 – ORGANISED RETAILING ISSUES AND CHALLENGES – INDIAN SCENARIO

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Organised retail segment has been growing at a blistering pace, exceeding all previous estimates. According to a study by Deloitte Haskins and Sells, organised retail has increased its share from 5 per cent of total retail sales in 2006 to 8 per cent in 2007. The fastest growing segments have been the wholesale cash and carry stores (150 per cent) followed by supermarkets (100 per cent) and hypermarkets (75-80 per cent). Further, it estimates the organised segment to account for 25 per cent of the total sales by 2011. India tops the AT Kearney's annual Global Retail Development Index (GRDI) for the third consecutive year. The Indian retail market, which is the fifth largest retail destination globally, according to industry estimates is estimated to grow from the US\$ 330 billion in 2007 to US\$ 427 billion by 2010 and US\$ 637 billion by 2015.

Amidst all these milestones the organised retailing has still a long way to go. The country lacks quality logistics infrastructure which hinders scaling up of retailing operations. Supply chain management (SCM) systems have very low penetration especially in the vast rural hinterland. There is also no reliable national cold chain system, leading to enormous wastages especially in rural India (unofficial loss estimates are over Rs 50,000 crore in food products alone).

Key issue arises from the fact that the bulk of retailing in India is in food and grocery. India has one of the largest numbers of retail outlets in the world. Of the 12 million retail outlets present in the country, nearly 5 million sell food and related products. Inconsistent agriculture and fertilizer subsidies by states lead to price anomalies and variations for the same product; this leads to supply chain inefficiencies. Power, transport, communication and IT infrastructure issues creates difficulty in sustaining retail operations across the country. Stringent laws prevent the much needed growth in real estate development which is imperative for retail growth.

Taxation is still a complex issue in Indian scenario. The Government urgently needs to recognize the fact that players in the industry leading the country's economic transformation are plagued with different tax structures across various states, which restricts them from being competitive in their own country. Simplification of tax structure and implementation of a uniform VAT policy will not only help the retail players achieve higher levels of competitiveness, but will also have the government at state and central levels experience a next-level growth and transformation that will lead India into a 'Developed Nations' league. Supply bases are fragmented due to poor Government policies which prevent

economies of scale in the sector. There is no systematic effort on a large scale to train manpower needed for Retail sector. Government is yet to formulate a major sector specific policy to boost the retail sector.

Advanced countries have a Consumer Confidence Index that measures consumer sentiment on various business and environmental issues. In India there is limited data, implying that stores cannot be easily customized for the particular local area. Though the market has been dominated by unorganised players, the entry of domestic and international players are set to change the scenario.

The paper will focus on the key issues - logistics, Supply chain management, Infrastructure, taxation, which will help for the growth of retailing industry in India.

PAPER 2 – ORGANISED RETAIL MARKETING IN AGRICULTURE DURING WTO REGIME: A PARADIGM SHIFT

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The super market revolution has been underway in developing countries. Visible retail revolution is on in India. The Indian retail market is estimated at US\$ 350 billion. But organised retail is estimated at only US\$ 8 billion. This share is expected to increase with the entry of a number of corporate into the segment. The theme of retailing in farm sector will be “Retail boom - From farm to market”. The entry of several companies into the agriculture sector has facilitated easy and fast marketing channels for different crops. This study analyzes the status, growth, marketing models and future plans of public and private food retail markets in agriculture in general and horticulture and fisheries in particular during WTO regime and suggests policy measures for growth of retail markets in agriculture. Post 1990, India witnessed the emergence of farmers’ markets, which empowered the farmers to participate effectively in the open market to get a remunerative price for their produce and to avoid the exploitation of both the farmers and the consumers by the middlemen. At the same time, the traditional markets are making way for new private retail markets in various formats such as departmental stores, hypermarkets, supermarkets and speciality stores. Western-style malls have begun appearing in metros and second-rung cities alike, introducing the Indian consumer to an unparalleled shopping experience. The study concludes that the marketing model adopted by private markets particularly reliance and Subhiksha is more efficient than government markets like Rythu bazaar because the marketing agency directly go to farmer field and collect fruits and vegetables. It was also found that the new models emerging in the fish retail marketing sector are far better than their traditional counter part in terms of operating hours, price advantage to the consumers, variety of fish offered, hygiene and other services like cleaning and dressing. They are also superior in terms of consumer acceptance. Therefore, there is an immediate need to replicate such models in a much larger scale to cover not only the cities but also the interior villages in the country.

PAPER 3 – INDIAN RETAILING: ISSUES AND CHALLENGES FOR NEW ENTRANTS

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The Retailing concept is classified as Organised Retailing, Unorganised Retailing. We can find organised retailing mostly in Developed countries like in US, UK etc. Emergence of retailing has been linked with the civilizations and their culture. Whereas, unorganised Retailing is confined mostly to the under developed and developing countries. Indian retailing and Chinese retailing may be taken as the examples for unorganised retailing.

After liberalization of Indian Economy in 1990's the employment and income from the service sector has lead to the burgeoning of the so-called 'Middle Class Consumers'. The lifestyle and purchasing power of this segment has fueled the growth of organised retailing (CII National Retail Summit, 2006). The Organised retailing in India initially began with the availability of land at prime locations coupled with lower real estate prices enabled the construction of multi-storied shopping complexes and the growing purchasing power of the middle class consumers (Retail Symposium, 2008).

Organised retailing is spreading and making its presence felt in different parts of the country. The trend in grocery retailing, however, has been slightly different with a growth concentration. However, it was considered a 'traditional', conservative' and 'cost-conscious' market, proved to be the home ground for most of the successful retail names – Trinethra, Spencer, FoodWorld, Music World, Health, Glow, Vitan, Subhiksha and Viveks. Metropolis has been witnessing a high industrial growth and increasing presence of the MNCs, both in the IT sector as well as outside it.

The industrial boom has led to the emergence of new residential areas with aggregation of professionals as well as a rapid increase in the number of 'double-income' households and growth of the nouveau riche/upper middle class with increased purchasing power (Korah, 2006). This has been combined with the increasing need for touch and feels shopping (especially for the large migrant population). All the factors have acted favorably in nurturing the industry. The emergence of new sectors has been accompanied by changes in existing formats as well as the beginning of new formats:

- Hyper marts:
- Large supermarkets, typically 3,500-5,000 sq. ft.
- Mini supermarkets, typically 1,000-2,000 sq. ft.
- Convenience stores, typically 750-1,000sq. ft.
- Discount/shopping list grocer

The traditional grocers, by introducing self-service formats as well as value-added services such as credit and home delivery, have tried to redefine themselves. However, the boom in retailing has been confined primarily to the urban markets in the country.

India - Present and future Scenario (both Organised and Unorganised)

2008	2010	2015	2020
US \$295 billion	US\$ 1000 billion	US\$ 1800 billion	>US\$2000 billion

Source: *Crisil Information and Analysis, 2008.*

Such a huge market would automatically attract the global players where they have experienced saturation in their existing markets. The Indian government is also encouraging the investments in the Indian retail sector by the world leaders in retailing. Yet, the Indian retailing, in contrast, is much different from the established markets and requires distinct understanding and design of strategies for

success. Consumer behaviour at the core, coupled with the response of the existing players, public/political movements and the govt./legal imperatives make it as complex as ever for the new entrants.

This paper attempts to study and analyze the following objectives.

1. To present the importance of India- post liberalization scenario
2. To identify the Growth Drivers for Indian organised retailing
3. To assess the Industry Growth – Foreign Direct Investment
4. To categorize the Indian Organised Retailing
5. To identify and explain the Factors of Future Retailing in India
6. To suggest a model for new entrants in the Indian Retail Market.

The authors believe that the paper would throw new insights into the Indian retailing industry with a special emphasis for the new entrants into the market.

PAPER 4 – EDUCATION AND ECONOMIC DEVELOPMENT IN NORTH EAST INDIA: A CASE STUDY

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Quality education particularly the higher education is considered to be the pre-requisite for rapid economic development. It improves peoples' lives through many channels by increasing the efficiency of the labour force. There is a positive correlation between education and economic development.

In this context, 'English' has become a universal language and acts as a catalyst for quality education. The very English education is mostly imparted by the private institutes in India and North East India (NEI) in particular. So, the investment in this sector is universally recognized as an important step towards the attainment of strong and sustainable economic development.

Willingly or unwillingly, whether rich or poor, tribal communities in NEI are compelled to acquire English education by spending an important proportion of their income so as to gain economic benefits in future. Private English education intruded in the tribal areas with the arrival of Christian Missionaries.

This research article is a modest attempt to analyze the English education and its impact on tribal economy. For this purpose, a field survey was conducted in ten villages of which five villages were from Assam, three from Nagaland and two from Manipur. A comparison was made between tribal and non-tribal villages. The paper further tries to argue some glaring issues like, (1) Why does English education create more employment opportunities than education through Modern Indian language? (2) Why the private institutions are not in the position to deliver the type of education expected of them? Through this paper, it has also been highlighted that government institutions with better infrastructure would be in a position to deliver the same quality education or better than private institutions at the low cost.

The study suggests that the tribal villages in the hill areas of NEI could have been far ahead of their counterparts in the valley if the same responsibility what the private institutions do now were taken up by the government.

PAPER 5 – ORGANISED RETAILING AND WAYWARD PRICING

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With huge malls and skyscrapers coming all over the country and with cry for customer delight and satisfaction getting shriller, it was expected that organised marketing would make a buyers paradise. Right from selling vegetables to banking services, marketing is believed to be getting organised to gain customer loyalty and enriched customer experience. Indian consumers had never dreamt it before, everything available under a roof, with facilities for children care and a café to relax with crunchy snacks and a central air conditioning keeping them cool and a low music adding up in their high, it was a sheer luxurious purchasing experience.

The researcher conducted a survey in different malls, in the city of Pune to verify the claims of the malls of serving ultimate quality at a reasonable price rather a price lower than the ruling market price.

The findings of the survey however are quite different from the presumptions. The survey poignantly shows the sophisticatedly manipulated prices, overcharged items and declaring of sales and discounts are a big eye-wash. Malls and super/big bazaars may have been a hit in the metros and urban centres, however how long would it last? Wonders the researcher, given the present tremors felt in the economy..

PAPER 6 – QUALITY OF MOBILE COMMUNICATION IN NAGALAND: AN ANALYSIS OF CUSTOMERS' PREFERENCE AND SATISFACTION

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There are numerous types of services available today. They are quite varied and different from each other. Among the various type of service available, telecommunication is the fastest growing service sector world wide. In India too, the telecommunication sector has undergone sea-changes. As a matter of fact, Bharat Sanchar Nigam Limited (BSNL) came into being as a new public sector undertaking under Company's Act on 1st October 2005.

The world of telecommunications, especially mobile communication, continues to evolve with innovative technologies and high-speed data services. In many countries, mobile phone has overtaken fixed lines. Both public and private sector operators are providing mobile phone services in the country. The state of Nagaland is no exception to this. Since mobile communication service is extended by both public and private sectors in Nagaland, so the co-existence of both the public and private sectors in this newly emerged service leads to competition between the two. In this context, the role of marketing is gaining importance in the service organization. Marketers in these organizations are forced to provide quality services to their customers.

Mobile service is used by different section of the people such as businessmen, middle class, salary earners, housewives, students and even farmers. The opinion of the different groups of mobile phone users varies according to their experience, perception, family and social background. Therefore, ascertaining the opinion of all groups of customer is imperative. Besides, there are two yardsticks to measure the success of any business. One is through quantitative factor such as profit, capital appreciation, and increase in the value of assets. The other is through ascertaining the satisfaction of the customers regarding the products sold and services extended by the business unit. The second method is more appropriate in the case of mobile communication services. In this dynamic context, it is envisaged to study the quality of mobile communication services extended by BSNL and other service

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providers in Nagaland by analyzing customers' preference and satisfaction. The overall objective of this study is to evaluate the service quality of mobile communication extended by BSNL and others. The study is analytical one based on primary data obtained by conducting field survey. A rating scale has been constructed to measure the level of satisfaction of each customer respondent. The scale is a Likert Type-5 Points Scale containing 10 items relating to the various aspects of service quality.

The study reveals that majority of the respondents prefer private services to BSNL service and the overall satisfaction level of the respondents are relatively more with private services as compared to BSNL service.

PAPER 7 – ATTAINMENTS OF HUMAN DEVELOPMENT: A STUDY OF NORTH-EAST INDIA

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The paradigm of Human development aims to shift the focus of development process back to the well being of people. In this context, the human development framework was developed by the United Nations Development Programme which measures human wellbeing across the countries in terms of Human Development Index (HDI).

HDI provides a normalized measure of human deprivation and development in respect of three basic dimensions of human life namely longevity, education and decent standard of living measured in terms Gross Domestic Product per capita. Nevertheless, such an index certainly does not incorporate the multifarious dimensions of human development. Apart from indicators taken into consideration for constructing HDI, there are other socio-economic determinants which reflect and influence the level of human wellbeing and quality of life. Bagoline quotes Ul Haq (1988): *It has been argued that the concept of human development is clearly much wider and richer than what can be captured in any index or set of indicators.*

Through this paper, an attempt has been to study the scenario and level of human deprivation and development among the states of North-East India. Specific objective of the study is to identify and examine various dimensions of human disparities and development, and as well, to quantify level of human development in the concerned states of the region. The methodology is based on UNDP approach on human development in the construction of a composite index on the basis of selected indicators of development. Relevant data have been collected from secondary sources of information for the purpose of the study.

PAPER 8 – STORE CHOICE DECISION IN ORGANISED RETAIL-BUILDING AND RETAINING COMPETITIVE ADVANTAGE: ISSUES, CHALLENGES AND FUTURE PROSPECTS

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The marketing function depends heavily on the presence of intermediaries between the Producer and consumer. These intermediaries provide broad and convenient access to products for a wide range of customers. The retailing function adds value for producers and consumers in a number of ways, most of which are difficult for manufacturers to replace. These include breaking bulk (breaking caseloads into smaller quantities), providing an assortment of products so that customers can achieve one-stop shopping, creating an inventory buffer between production and consumption so that products are available when desired, and providing support services such as display, demonstration, credit, delivery, assembly, repair, and return and warranty services.

Retailing's Future: Journey from Economies of Scale to Economies of Scope.

The mammoth retailing sector will experience major shifts and severe dislocations in coming years. Conventional retailers, especially those that are mid-sized, will find themselves squeezed from all sides: from larger players with better economies of scale, from smaller players with more focused selection or a greater emphasis on convenience, from electronic retailers with few physical assets but lots of informational ones, and from entertainment and education oriented players who offer a much more vibrant, lively and meaningful shopping and consumption experience. Some of the key trends we see for retailing (in addition to the two discussed earlier – electronic shopping and the melding of retailing with entertainment and learning) include:

More polarisation in size. We expect retailers to be very large or very small; not too many will be mid-sized. As in most industries, retailing will be characterized by a small handful of giants and a large number of specialists.

More emphasis on services: Providing a good experience and service delivery encounters as moments-of-truth, has become an integral part of retailing, as here providing EXPERIENTIAL INFORMATION is more important, that have a substantial social component to them (that is, their value is enhanced by experiencing them in groups rather than singly).

More outdoor shopping centres located in downtown areas. Many existing enclosed malls are “demalling” and opening up to the outside. Newer developments are mostly clustering in downtown areas, often with active municipal involvement.

Limited Globalisation: Rather than a full-blown globalisation of the retail industry, we expect to see regional internationalisation. The primary reason is that the supply function is not adequately globalised. Global retailers would therefore have to deal with different suppliers in different parts of the world, erasing much of their scale advantage. Retailers will find that it is preferable for them to try to dominate a particular area (because of shared costs) than to spread out thinly across the globe.

My paper will have a special emphasis on the important decision of store choice and patronage and also on how that decision will have an impact on building and retaining competitive advantage in organised retailing in light of issues, challenges and the way ahead so as to probe into future. There is a growing need to evaluate the true drivers of shopping behaviour in the Indian context. The Indian retailing scenario seems to be driven more by euphoria. The trademark of Indian retailing, the small shop with a high level of personalised services, is making shoppers reluctant to depart from traditional ways of shopping. To a large section of customers the new formats are perceived to add insufficient additional value, except for novelty. The new expansions are adaptations of western formats fetching moderate to lukewarm success. Several successful chains are currently holding back new expansions. Store choice and patronage have been widely studied across the world. There is still vast scope for research and analysis as the retailing environment changes rapidly, leading to changed shopper expectations and realignment of the choice set of stores.

This phenomenon gains greater significance in the Indian market, with the introduction of larger and more diverse retail formats by organised retailers. It is providing new experiences and options to shop for the consumers. A variety of formats are being rolled out, with mixed success. Both retailers and shoppers are currently in an evaluation phase with no clear verdict as to what may drive the choice of stores in the longer term. The newly established stores are able to attract shoppers into stores due to its ambience, atmosphere and events which makes me to gaze into the exciting and still untapped virgin Indian retail scenario.