

RETAILING INNOVATIONS IN INDIA

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ABSTRACT

The Retail Sector is the largest sector in India after agriculture, accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment. India has the most unorganized retail market in the world. Most retailers of the unorganized retail market have their shop in the front and house at the back. IT plays a crucial role in the retail industry. Retail is amongst the fastest growing sectors in the country and India ranks first, ahead of Russia, in terms of emerging markets potential in retail. Innovations in the retail industry are multi pronged and are aimed at enhancing the end user experience, optimizing resources and logistics, creating a technology platform to keep pace with the dynamics of the industry and manage the unprecedented growth given the geographic spread and diversity. Some of the key innovations include: Customer identification using RFID: E-Catalog based selling: Mobile Point of Sale (POS): Digital Signage: Intelligent database. Innovations in Retailing India are still at an introductory phase, and in the process of understanding the benefits of IT in retail. It is indeed the beginning. The innovation and deployment that is taking place in India is confined to the organized sector, which is a small proportion of the overall retail industry. The way the Indian retail industry is shaping and developing presents an opportunity no less than a goldmine unearthed for vendors. However it is really shocking to note that he India has come down by 6 in rankings out of 125 countries as per The international business school for the world in its INSEAD report on Third consecutive Global Innovation Index 2011. Therefore what is necessary for the innovative innovations in the retail sector in India is deployment should happen in a phased manner, starting from the foundation and then going up the ladder. This article is an attempt to explain the various innovations and growth in the field of retailing in India.

Keywords: Retailing, Innovations, Global Innovation Index.

1. INTRODUCTION: About three decades ago we had our green revolution. Then came the white revolution. The telecom revolution happened just a few years ago and now we are in the throes of a Retail Revolution. Repaid growth of retailing in recent years and up come many new firms in India has necessitated for innovations in retailing in India. Innovation is the need of the day. Customers are always on the look-out for new-capturing ideas. The Retailers are introducing different ways to increase footfalls in their outlets apart from offering regular services. They have taken a step ahead to make customers feel at-ease and spend more time in the outlet. Because they know that If they can cater to this requirement, their business will touch new heights.

Retailing is considered to be a service but is, of course, a hybrid economic activity performing a bridging role between production and consumption, in which firms bring

together assortments of goods relevant to the needs of consumers.

Innovations in the retail industry are multi pronged and are aimed at enhancing the end user experience, optimizing resources and logistics, creating a technology platform to keep pace with the dynamics of the industry and manage the unprecedented growth given the geographic spread and diversity. Some of the key innovations include: Customer identification using RFID: E-Catalog based selling: Mobile Point of Sale (POS): Digital Signage: Intelligent.

It surprising to note that India has come down from a ranking of 56 last year to 62 this year among 125 countries as per The international business school for the world in its INSEAD report on Third consecutive Global Innovation Index 2011. This is mainly due to lack of support for the

innovations. There is a need for innovations and support for the innovations in the field of retailing in India.

2. LITERATURE SURVEY:

Indian retail market is being observed as a potential market for investment. The quality expectations of the India's vast middle class and its almost untapped retail sector are key attractions for global investors in the retail market. This certainly indicates the necessity of innovations in the field of retailing in India. The flow of global funds will definitely bring innovations in the retail sector.

Kaushik Mukerjee in his article "Innovation Holds the Key" published in India Management September 2009 explained that Innovation has long been the success mantra of many a company. But in a slowdown it seems to be the only tool to stay afloat and Successful innovation is the result of combination of ideas'

Report for NESTA December 2007 on "Innovation in the UK Retail Sector", recommended to i. Improve the effectiveness of innovation-related support activity within Government. ii. Increase the take-up of R&D tax credits by the retail sector. iii. Promote innovation in sustainability. iv. Identify and support the complex sets of skills required for retail innovation

R. Yuvarani in her article "VIEW / RECENT TRENDS IN THE INDIAN RETAIL SECTOR" published in the online Sector View in July 2009, pointed out that The recent increased power of retailers has led to the introduction of new tactics by manufactures such as everyday low pricing, partnership with retailers and increased use of direct marketing methods.

Ram Prasad Sahu in his article "Retailers high on rising footfalls" published in Business Standard December 8, 2011 illustrated about the Improvement in operational performance, fresh equity investments and FDI proposals are well for the organised retail sector

"Neeraj Gandhi in his article " IT innovations in Indian retail" published in Express computers January 2008 Issue pointed that Indian retail is quite advanced in basic IT adoption like ERP, network, etc. compared to foreign retailers. However they have not managed implementation well due to lack of sector understanding both with clients as well as IT consultants.

Sreelatha Menon in her article " Unsung innovators ", published in Business Standard dated 16/11/ 2011 expressed that at least the innovators need is to be identified

and aided by an angel investor. Neither are they identified nor is there any angel investor for them in India

Manju Smita Dash In her article "Next-Generation Retailing In India: An Empirical Study Using Factor Analysis" published in International Review of Management and Marketing Vol. 1, No. 2, 2011, pp. 25-35 ISSN: 2146-4405 discussed about The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and complete them.

India's retail sector is witnessing a major transformation as traditional markets make way for modern and indigenously development retail formats. Standing on the threshold of a retail revolution and witnessing a fast changing retail landscape. Indian retail is still growing, and growing at an enviable rate. This growth supported with innovations will produce innovative results.

3. RETAIL INDUSTRY IN INDIA:

The Retail Sector is the largest sector in India after agriculture, accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment. India has the most unorganized retail market in the world. It has emerged as one of the most dynamic and fast paced industries with several players entering the market. That said, the heavy initial investments required make break even hard to achieve and many players have not tasted success to date. However, the future is promising; the market is growing, government policies are becoming more favorable and emerging technologies are facilitating operations.

Retailing in India is gradually inching its way to becoming the next boom industry. The whole concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping. Modern retail has entered India as seen in sprawling shopping centres, multi-storeyed malls and huge complexes offer shopping, entertainment and food all under one roof.

The Indian retailing sector is at an inflexion point where the growth of organised retail and growth in the consumption by Indians is going to adopt a higher growth trajectory. The Indian population is witnessing a significant change in its demographics. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working-women

population and emerging opportunities in the services sector are going to be the key growth drivers of the organised retail sector. Big in size and turnover,

According to a report titled, 'Winning with Intelligent Supply Chains', brought out by FICCI and Ernst & Young-2007, the Indian retail sector is presently valued at \$280 billion. Of this, the organized retail segment accounts for \$14 billion, approximately 5%. That said, it is expected to increase to 30% by 2010. "A mid-sized retail company can easily spend around Rs. 10-20 crores in the initial setup phase including enterprise applications,".

4. INDIAN RETAILING INDUSTRY ATTRIBUTES.

- i). Good and Fast Reach Network: The network of retailers reaches every nook and corner of the country. So any product produced anywhere in the country can be easily accessed by the buyers from any location. Thus the spatial convenience of Indian retailers is very high.
- ii). Unorganised Retail Sector in Dominant: in India the retailing industry is an unorganised lot consisting of, in most of the cases, small entrepreneurs. And the virtual omnipresence of the Indian retailer can be attributed to these small entrepreneurs only. The second attribute gives rise to the following characteristics
- iii). Restrictions form the Producers on Retailers: Power of the retailers, as such is very less, and in many cases it is negligible. This weakness has been exploited by the manufacturers and the stronger partners of the marketing channel. The retailers, in general, abide by the terms and conditions set by the manufacturers and other "big brothers" of the channel.
- iv). Complicated Channel of Management between Manufacturers and Retailers: The manufacturers cannot directly reach all retailers in a particular geographical area. Therefore, the manufacturers cannot maintain the desired relationship with the retailers, which in turn, make management of the channel complicated. This also makes the possibility of a direct feedback loop from the retailers almost remote. Therefore, the member operating between the manufacturers and retailers become more powerful as

they can block the channel of communication between the two. So the dependence of retailers on other channel members increases to a high extent. Thus the participation of retailers in the flows of marketing mix becomes lower than desired.

- v). Low Financial Strength and Dependence of Retailers: The financial strength of the Indian retailers, in general, is very low and hence the investment capabilities. This makes the retailers more dependent on the other channel members. However, these characteristics are peculiar to the small retail outlets and may not be present at every kind of retail level.

5. INNOVATIONS IN RETAILING IN INDIA:

Innovations in Retailing India are still at an introductory phase, and in the process of understanding the benefits of IT in retail."It is indeed the beginning. That said, the innovation and deployment that is taking place in India is confined to the organized sector, which is a small proportion of the overall retail industry. The way the Indian retail industry is shaping and developing presents an opportunity no less than a goldmine unearthed for vendors. What Should be noted is that deployment should happen in a phased manner, starting from the foundation and then going up the ladder. Phases of Evolution of Retailing: There are four stages of retailing evolution

1. New entrants create awareness of modern formats and raise consumer expectations.
2. Consumer demand a modern format as the market develops thereby leading to strong growth.
3. A maturing market and as they market consolidates, intense competition forces retailers to invest in back-end operating efficiency.
4. Retailers explore new markets as well as inorganic opportunities' as growth tapers. India is at the cusp of the first and second phase, with the modern training format having emerged centre stage. The growing preference of the affluent and upper middle classes for shopping at these types of retail stores, give the convinces they offer such as shopping ambience, variety and single point source for purchases have been driving factors behind this transformation.. From supermarkets such as big bazaar of food world, which are large self service stores selling a variety of products a discounted prices to malls and department stores such as crossroads, lifestyle and west side, the Indian

consumer is fast catching up with his/her global counterpart.

6. KEY INNOVATIONS IN THE INDIAN RETAIL SECTOR:

1. **ERP (Enterprise Resource Planning): Systems:** An ERP System integrates the many departments in these companies so that they can work in tandem .Because of ERP the different functioning process of different departments are optimized and planning improves.
2. **Sales force Automation (SFA)Software:** This helps to capture the data at the retailers level for the companies>
3. **Global Data Synchronization Tool: (GDS):** This is an website based model which lets suppliers and retailers to interact without facing data interoperability problems
4. **RFID(Radio Frequency Identification) :** Under this a shopping cart with a scanner and a touch screen computer offers information about each product and suggest complementarities. The computer keeps a list of items in the cart with a running total, so that we know exactly how much we are spending, When finished shopping we have to a self checkout stand or to a cashier. Since the items are already total and bagged, the wait time is minimal.
This involves identifying customers by issuing them smart cards embedded with smart chips. These cards would be RFID enabled and would give information regarding the customer like his preferences, shopping behavior etc.
5. **Wireless Devices (PDAs and POSs):** The Personal Digital Assistants give real time access to product and customer information. Point of sales will go a step further in combining real time information with on the spot check our series.
6. **E-Catalog based selling:** Here a limited range of merchandise is available in-store, while the range of a hyper format is made available through self browse kiosks.
7. **Mobile Point of Sale (POS):** This would enable the purchase of goods while putting them in a shopping cart. The customer would be spared the hassle of standing in long queues.
8. **Digital Signage:** Static signboards have not proved beneficial in terms of helping a customer track a

product. Digital signboards integrated with an automated tracking system can make this easier.

9. **Intelligent database:** A detailed database of the customer is made available online and helps the retailer understand a particular customer's buying characteristics.

7. FUTURE TREND OF INNOVATIONS IN RETAILING IN INDIA:

That said, the innovation and deployment that is taking place in India is confined to the organized sector, which is a small proportion of the overall retail industry. The way the Indian retail industry is shaping and developing presents an opportunity no less than a goldmine unearthed for vendors. In addition, the unorganized sector-a sizable portion of the retail industry-is lagging behind in terms of IT usage. This is the reason why the IT percentage remains considerably low in the Indian retail industry. Even though technology is available to cater to this segment, factors like money, lack of education and comfort factor are playing spoilsport. "Even the unorganized sector is using IT, but it's largely user driven. The approach still remains traditional. In contrast; the organized sector seems to have reached a point of no return. The growth is constant and is expected to continue. It is here that a lot more innovation and development can be expected in the near future.

8. DIFFICULTIES OF INNOVATIONS IN RETAILING IN INDIA :

1. **Difficulty of Getting Adequate Investments Required:**
The expansion of the retail sector requires Rs 20,000 corers for 36% growth of this sector (Images Retailing India 2007). This business does not have collateral assts . As many business operate in leased property. The suitable ways of financing will be venture capital and public issues.
2. **Difficulty in Transmitting Unorganised Retail Sector to Organised Retail Sector:**
There are about 4 corers of whole sellers in the country who will be displaced because of transmission. Not only that this process will affect the life of many poor's working in unorganized retail sector.
3. **Risk of Organised Retail Sector growing into Monopoly:**
The lessons from developed countries show (Wal- Mart in Us) that monopolistic or oligopolistic controls are

neither beneficial for consumers nor for the manufacturers nor for the stake holders.

4. **.Lack of Strict Regulatory Body:**

Presently there is no Strict Regulating Body in India in the field of Retail Industry. As the speed of growth is getting accelerating there is a need of strong regulating body for the welfare of the said sector.

9. **EXAMPLES OF INNOVATIONS IN THE RETAIL SECTOR IN INDIA:**

1. Big Bazaar is launching a scheme whereby a consumer can enter into a Big Bazaar outlet and drop in an innovation in the various consumer sectors it is present in and if the idea seems feasible, the group will manufacture and market the innovation under the brand "India ka Idea". Two such innovations have already found space on the shelves at Big Bazaar outlets in Ahmedabad, where the company has put samples of a refrigerator called Mitticool, a clay refrigerator that works without electricity and mitti cool non-stick pan - a non-stick tava made out of clay layering which would cost you only Rs 70-100 as against for the regular one which would not cost less than Rs 500. The Future Group has also signed an MoU with National Innovation Foundation, Department of Science and Technology, Government of India, giving shape to an innovation lab called "Khoj lab" which will create and support innovations at grassroots and help those innovations becoming marketable
2. Reliance retail, followed cost effective innovative and appealing packaging for Home categories, including Houseware, eg metal, glass and plastic cooking and storage items, Home Needs like CFL bulb, home furnishing items like curtain, bedsheet, towels, pillow covers, apron, etc, and consumer durable and electronic products accessories. A few examples of images are cited in the attached jpeg.
3. Throughout its long history (the first ever Spencer's store opened in 1895), Spencer's has been a recognized and respected player in the Indian grocery business, synonymous with quality goods and services, trusted by India's exploding population of the upwardly mobile middle class. Spencer's has continually helped reshape the retail landscape in India, introducing a host of innovations to make shopping even more convenient and enjoyable for the consumer. These include:

Retail Design Initiatives

The Retail Design team helps Spencer's deliver its brand promise in a way that is sophisticated, but not snobbish. This results in differentiation without alienation of loyal customers or loss of the brand equity acquired over the years.

Central to the retail design strategy is a unique brand position - Taste the World, derived from the consumer's own transition from a price-conscious purchaser to a global-minded, well-travelled citizen of the world, looking out for authentic international flavors and experiences. Spencer's has consequently evolved from being a preferred grocery retailer to being a passport to a stimulating world

4. **Zerostock Retail Pvt Ltd**, a new garment retailer from Hyderabad, has come out with an innovative idea for retailing men's wear - there's no readymade apparel available at the store. A typical store offers sample wear for trial and a display of designs and fabric.

All a customer has to do is walk into any of the stores, figure out the size which will fit them with the trial shirts on display and then select the design and the material of the shirt. Once the transaction is done, the shirt will be dispatched to the customer within a matter of 24 hours to 48 hours from their centralized inventory at no additional cost.

10. CONCLUSION:

Indian retail sector is progressing tremendously with unbelievable innovations. It has played a phenomenal role throughout the world in increasing productivity of consumer goods and services.. The Indian Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. The India Retail Industry is gradually getting innovated and inching towards becoming the next boom industry. But the decline in the ranking of Third consecutive Global Innovation Index 2011 from 54 to 62 necessitates the support for the innovations in retailing in India. Provided with economical, social and political support for the innovators of the nation and rest of world they will definitely produce miracle in the field of Retail Management in India

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