

Trends In Retail

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ABSTRACT: *India's large and aspiring middle class of nearly 300 million individuals want products that are value-driven. The country's 500 million youth have high disposable incomes that has resulted in a huge demand for products. The Indian retail sector accounts for over 20% of the country's GDP. The Indian retail sector is expected to grow at a CAGR of approximately 20%. The Indian retail is evolving from the brick and mortar model to adopt technology for connecting with consumers. The Indian retail is undergoing a saga of sea changes with evolutions and revolutions from e-commerce, m-commerce to drones. This provides a great opportunity for the retailers to embrace technology and to go beyond the expectations of the consumers. Digital technology will be a game changer and it is for the retailers to understand these trends and leverage them. The present paper focusses on the current trends in retail along with the opportunities it creates for retailers to go that extra mile to provide customer experience..*

KEY WORDS: *Consumer experience, Retail Sector, Technology, Trends*

I. INTRODUCTION

The Indian retail industry is expected to be around 850 billion USD by 2015 and is expected to be over 1.3 trillion USD by 2020. The share of organized retail is estimated to be 20% by 2020. The trillion dollar Indian retail is a great opportunity for which we need to embrace technology at its best. It is a new world for both retailers and the customers, where the latter is the king. The Indian consumer is rapidly evolving. Indians spend 25.2% of their time on social networking sites. There is huge penetration of internet and smart phones and has made inroads into small towns also. Studies like the Mastercard Worldwide Index of consumer confidence have ranked Indian consumers as some of the most confident in the world. This confidence is likely to have an impact on their consumption, experiment with new products, brands etc. This paper analyses the current trends in Indian retail and how retailers need to adapt and adopt to the ever changing needs of customers to provide them a great experience..

II. OBJECTIVE OF THE STUDY

The objective of the study to analyse the current trends in retail, with reference to India, which the retailers need to understand and evolve to keep pace with the expectations of the customers. The paper is based on statistical data, case studies and thorough understanding of various journals, research papers, newspapers and online information.

III. INDIAN RETAIL SECTOR

The Indian retail sector is fragmented, consisting of small independent owner managed shops, accounting for 92% of the retail sector and the remaining 8% constitutes the organized sector. Rising disposable income, urbanization, dominance of the younger generation in spending, nuclear families, advancement in science and technology especially in the Information and communication Technology (ICT) are various factors contributing to the growth of retail in India. The organized retail is poised to grow at the rate of 20% by 2020. The policies of the government namely, FDI in retail, single brand as well as multi-brand are all welcome steps in this direction, which provides great opportunities for retail in India.

IV. FACTORS DRIVING ORGANIZED RETAIL

- 1) Higher disposable incomes
- 2) Purchase of essential and luxury products
- 3) New technology and lifestyle changes
- 4) Access to credit facilities
- 5) Nuclear families
- 6) Increase in the number of working women
- 7) Increase in rural income
- 8) Migration to cities and towns from villages
- 9) Growth of modern trade formats like malls, hyper markets etc

V. CUSTOMER EXPERIENCE

Today's customers care more about the retailing experience than they did in the past. They look for personalized and distinctive experience from the retailers. Before making a purchase, a customer tries to collect a lot of information about the product, through various touch points like the store sales associate, friends, relatives, through social networking sites, websites etc. The customer interacts with the retailer across multiple channels. Hence, it is vital for the retailers to provide complete customer experience across these channels.

Retailers use better customer service to increase customer purchases, generate loyalty and create positive image. Various factors that affect the customer experience are

- a) Proximity of the store and store layout
- b) Availability of parking facilities, cafeteria, entertainment, play area for children, rest rooms etc
- c) The retailers need to stay connected with the customers
- d) Quick and prompt service at the retail stores
- e) Easy returns policy

To provide a seamless consumer experience, the retailers have to be dynamic and keep pace with shoppers expectations and to outsmart them in terms of delivery, returns, product choices and after sales service. It is absolutely essential for the retailer to understand the buying behavior of the customers and needs to be proactive and dynamic.

VI. TECHNOLOGY IN RETAIL

Rising consumer confidence, increasing income, consumption-based behavior and a large pool of consumers opens up a plethora of opportunities for the retailers to tap. The fact that we have the youngest population in the world, companies are poised for ascending on the growth scale. Retailers need to tap technology to stay in this competitive environment. Technology helps retailers achieve top-line growth and bottom-line profits by enabling loss prevention, minimizing retail shrinkage, increasing operational efficiency and facilitating best practices in retail excellence through everyday solutions to business challenges. As per retail industry analysis done by TYCO, 80.3% of retailers believe that technology enhancement holds the key to challenges in the business. It helps retailers improve profitability through innovation in technology and proper store management solutions.

1. E-tailing

Retailers in India are trying to attract customers through every means possible- online, offline and through mobile. Multi-channel retailing is the buzzword. Many traditional retailers have joined the e-wagon. According to Technopak, the e-tail market is set to grow from .6 billion USD to 76 billion USD by 2021. The biggest driving factor is the increasing penetration of broadband and usage of smartphones and tablets. E-tailing constitutes only .12 percent of the total retail and is estimated to grow to 5.3% by 2021., when there would be at least 180 million broadband users in the country and this is a great opportunity available for retailers to explore. The e-tail sector could create 1.45 million jobs in the next decade, which is a great reason for us to cheer. The total volume of Indian e-commerce including financial and travel services touched 10 billion USD in 2012. Flipkart, e-bay, Amazon India, Jabong and Snapdeal are some of the top players. The proliferation of internet usage will alter the manner in which the consumers will pick up trends, learn new things, form opinions and consume merchandise. Consumers look for convenience in all modes of living including shopping. As per Technopak estimates, 66% of urban India's time is taken up by sleep, time spent at work, commuting to work and are left with remaining 34% of time for other activities like shopping, socializing, entertainment etc. This trend has resulted in significant growth in the usage of internet and internet-enabled devices for shopping. There is a great amount of penetration of devices through which the internet can be accessed namely PCs, laptops, smart phones, tablets etc. The number of broadband connections are expected to be around 45million with around 180 million users by 2020 from the 15million connections and 60 million users in 2012. As per Technopak's estimates, e-tailing is likely to provide direct employment to 1.45 million people by 2021 and e-tailing market will emerge as a destination for highly skilled technology jobs for nearly 0.3 million people by 2021. Besides, e-tailing is likely to drive employment in various functions like HR, finance, accounts, vendor management, content development, customer care etc. These are likely to generate 0.1 million jobs by 2021. Also, e-tailing enables growth opportunities for entrepreneurship across the value chain to become service providers. E-tailing enables reduction in cost for the customer, recording of point of sales data and payment receipts, and absence of intermediaries. Thus it enables e-tailer's ability to manage business with lesser working capital and reduces credit levels in the system. It has the potential for increase in tax collections viz., VAT, CST. According to Technopak estimates, tax collections are expected to be 7.6

billion by 2021. Moreover, e-tailing can play a vital role in consolidating wholesale and retail distribution and can greatly bring down the cost of distribution and complement the traditional retail.

2. Mobile Internet

India is the second largest mobile phone market in the world and is set for a record growth due to 3G and 4G wireless technology. These drive internet access through mobile phones, high speed data download, make video calls etc. According to Retail outlook 2012 of Quantum Retail Technology INC., mobile technologies alter the traditional way of store operations and a serious game changer for retail. Mobile technologies are causing retailers to completely rethink the way in which sales personnel interact with customers

As consumers continue to outsmart retailers, taking their smartphone everywhere they go, retailers in addition to delivering product information can also look into the sales history to achieve higher service levels with the adoption of mobile technology. As supply chain becomes more and more complex and consumers becoming more smarter, it is imperative that the retailers stay ahead with next generation technology. Consumers can use their mobile phones to access information about product characteristics and price for related products. Also, consumers are able to make payment anywhere, anytime through their mobile phones. By scanning an RFID tag with a mobile phone, anyone in the supply chain can check information about a product's past and future states in the supply chain.

3. F-commerce

F-commerce is face book commerce. Retailers are sending posts to the respective face book accounts based on the interests of the customer and thereby individualizing the information sent.

4. Omni-channel retailing

According to Quantum Retail Technology's Retail outlook 2012, omni-channel retailing means that consumers have the ability to choose whatever channel they want to interact with, any device they want to do it with and still get a very convenient, consistent, high service shopping experience. It provides the flexibility to commence the shopping in one channel and complete the transaction in another channel. Example – browsing through a catalog and making a purchase through mobile. It is the right product, right price, right channel and right time that will deliver a revolution in customer experiences and expectations that will increase margins, increase profits and provide high service levels for retailers. Omni-channel retailers carry merchandise that is customer-centric and is not specific to any channel. Research has shown that omni-channel shoppers spend up to 15 to 30% more than multi-channel shoppers and exhibit strong brand loyalty and also influence others to patronize a brand.

5. Cloud computing

Use of cloud computing for data mining for consumer is the key to stay connected with the consumers. Cloud computing is the sharing of software by multiple users, without heavily investing on the software. Data mining, data analysis greatly aid in DSS (decision support systems) for effective inventory and supply chain management.

6. RFID in retail

RFID enabled services helps in tracking of information from supplier, logistics, distribution centre, store, shelves and at the checkout point. It is greatly used in SCM (supply Chain Management). For a retailer having operations in different cities and who sources products from several locations, to have real-time data of the goods in the warehouses and at the outlets, RFID is a great boon.

7. Augmented Reality

Augmented reality enables customers to decide on a garment color without having to visit the change room as stepping in and out of the trial room can be more tiring. It enable swapping through innumerable options within a few seconds.

8. Search Engine

Retailing giant Wal-mart has launched a new search engine to drive sales on its website. Wal-mart is the first brick and mortar retailer to develop a dedicated search engine and the machine with its "machine learning" capabilities enable predictive and intuitive analysis of consumer behavior. The search engine can combine multiple aspects of key words used by customers, which enables a great understanding of what the customer is looking for.

9. The future: Drone strike at the retail

Amazon.com is said to be testing drones with a range of 16 kms , would pick up customers' boxed orders from a centre and then use GPS to carry it to the customer's address and drop it in the front yard of the house. It is still in the nascent stage and logistical issues needs to be addressed. Ankit Mehta of Mumbai-based Ideaforge provided drones for flood relief in Uttarkhand this year. There are challenges like range, weight load, security, safety, drone technology and infrastructure etc but these may not be a distant dream and may be a reality in the years to come. The days are not too far, when drones may be delivering goods at the customers places.

10. Me-tail

The retail industry has realized that it needs to understand the psychology of today's consumer and capture sales at every opportunity. The increasing desire for personalized communication and offers from brands has made me-retail a major trend. Me-retail aims to deliver an experience that is all about personalized shopping, making use of social data and information on purchase behavior.

VII. CONCLUSION

Market observers insist there is a retail renaissance underway and it is digital, as technology is linking consumers, devices and data for a smarter shopping experience. Technology represents an outstanding competitive advantage for those retailers who are open to innovation and willing to take on a new perspective of today's unpredictable, complex retail industry. As supply chain becomes more and more complex and consumers becoming more smarter, tech-savvy, gadget-literate, and surf through different channels, it is absolutely essential for retailers to stay ahead with next generation technology. Digital relationships are vital for retailers and it is with these relationships that they can shape and steer experiences and reach and engage customers. Retailers are the architects of the relationships they have with consumers building bridges that help customers make decisions in a retailer's favor now and over time. The need of the hour is affordable technology at reasonable price, easy to use with maximum benefits to the retailers and consumers alike.

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