

## Introduction of Retailing- Module-1

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## Objectives

- Understanding the retail sector in India 2) Analyzing the trends prevalent in the retail sector in India 3) Knowing the types of retail formats currently popular in India

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## Introduction

- Liberalized financial and political environment in India has prompted a wave of large number of entrants into the country's rapidly growing retail industry during the past few years, without doubt, the retail industry in India is in the throes of radical restructuring. The fundamental drivers of change are increasing per capita income, growing GDP, availability of consumer finance and therefore irreversible. Retailing in general sense consists of business activities that are involved in buying and selling

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## Introduction

- Goods and services to ultimate consumers for their own use – ranging from Bread butter to automobiles to apparels to airline tickets.
- In India, after agriculture, the retail is the second largest sector that provides enough employment to Indian workforce. But retailing in India is at cross roads on the one side, retail sales are making new heights year after year and on the other side, traditional Indian retailers (Kirana stores) face numerous challenges.

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## Meaning and Definition:

- The **word retail** comes from the Old French verb *tailler*, meaning "to cut off, clip, pare, divide in terms of tailoring" (c. ... It was first recorded as a noun in 1433 with the meaning of "a sale in small quantities" from the Middle French verb *retailer* meaning "a piece cut off, shred, scrap, paring".
- So the first usage of the word can be traced to mean a booth or porch where cattle was bought and sold. People would travel to the “shop” to speak with a cattle rancher and negotiate an agreement

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# Characteristics of Retailing:

- **Retailing is different from other forms of business in the following ways:**
- i) It offers direct interaction with customers/end consumers.
- (ii) Sale volume is comparatively large in quantities but less in monetary value as compared to exporting/manufacturing.
- (iii) Customer service plays a vital role in the success of retail business.
- (iv) Sales promotions are offered at this point only.
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## Importance of Retail Marketing

- Products are created for consumption and satisfaction of the people. They should reach people for whom they are meant for. It is the retailer who assumes the role of taking the goods to the people and delivers them to their convenience and comfort, Importance retailer is due to following role he assumes in the sale of goods.

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## Creates Utility and Value:

- Retailer creates time, place and form utility in the distribution of goods and increases value of goods. Goods that are manufactured in bulk and large quantity are purchased in large scale by retailer and he breaks the bulk, delivers them in small packs and quantity that is required by the consumer. In this process he creates form utility. Goods are manufactured in one corner of country and they are consumed in different parts of the world.

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## Retail In India

- Retail industry reached to US\$ 950 billion in 2018 at CAGR of 13 per cent and expected to reach US\$ 1.1 trillion by 2020. Online retail sales are forecasted to grow at the rate of 31 per cent year-on-year to reach US\$ 32.70 billion in 2018. Revenue generated from online retail is projected to grow to US\$ 60 billion by 2020.
- Revenue of India's offline retailers, also known as brick and mortar (B&M) retailers, is expected to increase by Rs 10,000-12,000 crore (US\$ 1.39-2.77 billion) in FY20

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## Summary

- 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. India's e-commerce industry is forecasted to reach US\$ 53 billion by 2018. 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.
- It is projected that by 2021 traditional retail will hold a major share of 75 per cent, organised retail share will reach 18 per cent and e-commerce retail share will reach 7 per cent of the total retail market.

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