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Problems and Challenges Of Retailers - A Macro Analysis To Re- Launch The Dimensional Change

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Abstract: Retail is the sale of goods and services from individuals or businesses to the end user. Retailers are a part of an integrated system is called as supply chain. A retailer purchases products or goods in large quantities from manufacturers directly or through a wholesaler, and then sells a smaller quantity to the consumer for a profit. This paper presents and discusses the problems and challenges faced by the retailers in worldwide. Retail market has become one of the major emerging trends in the entire economic cycle. The retail market is only for the first time which provides the consumer basic platform to encounter with goods and a shopkeeper. The retail market consists of a fixed location like departmental and boutique store etc. In these location customer meets the shop keeper and purchase goods in return of fixed value. Profit margin maintaining is certain; the retailers sell goods to their customers. Retail marketing strategy has become one of the basic elements of marketing strategy which includes a lot of planning and proper execution. This study focus on the basic nature of retail and a marketer needs to focus primarily on the needs and desires of the customers. The international retail industry is ever, growing and changing sectors that cater to the dynamic needs to the consumers by providing merchandise at outlets from here they can be purchased by the latter. In today's dynamic and shaky business world, upgrading the retail industry is constantly itself. Retailers need to focus on finding the way to sustain and grow their business. This study attempts to know the different views of retail industry through world and the growth of retail industry.

Keywords: Retailer, International Business, Worldwide Challenges, Problems.

Introduction

Retail is the sale of goods and services from individuals or businesses to the end user. Retailers are a part of an integrated system is called as supply chain. A retailer purchases products or goods in large quantities from manufacturers directly or through a wholesaler, and then sells a smaller quantity to the consumer for a profit. Retailing can do in either fixed locations like delivery, stores or markets, door to door. Retailing includes subordinated services, such as delivery. The term "retailer" is also

applied where a service provider services the need of a large number of individual to the public. The Shops may be on residential streets, or streets with few or no houses or in a shopping mall. A pedestrian is only for the shopping streets.

Further a shopping street has a full or partial roof to protect customers from precipitation. In online retailing, a different type of electronic commerce is used for a business to consumer transactions and mail order, are forms of non-shop retailing. The buying product generally refers to the act of shopping. Obtain necessities is done sometimes such as food and clothing and recreational activity is also done sometimes. Window shopping often involves recreational shopping and browsing and does not always result in a purchase.

Literature Review

Arnold (1998) investigated in his study that the retailers and consumers are interdependent each other. Retailers directly influence the consumers quickly through their visible marketing activities and in the longer run the challenges faced by the retailers in the form of modern technology, fast changing electronic revolution, increasing competitions, high concentration, shortage of infrastructure and so on.

Sanjay Monocha (2012) analyzed the effect of retailing in the context of modern as well as traditional view. Retailing provides a prominent link between the producers and the ultimate end users in the market economy. In India retailing is the most dynamic industry because more than 44% of the trade belongs to the retail industry. There is a myth about the modern retail industry will humiliate the traditional retail industry. Even though, most of the existing traditional retailers and the younger generation strongly agree on the co-existence of both.

Challenges and Opportunities

Retailing has seen such a transformation over the past decade that its very definition has been undergone in changes. The manufacture can be no longer on relying in sales to take place by ensuring mere availability of their product. Today the retail sector is about too much more than mere merchandise. Retailing is about to casting a customer in a story and reflecting their desires and aspirations, and forging long last relationships. The Indian consumer evolves and they expect more and more at each and every time when they steps into a retail store. Today Retail has been changed from selling a products or a service to selling a hope or an aspiration and above all an experience that a consumer would like to repeat.

For manufacturers and service providers the emerging opportunities in urban markets seem to lie in capturing and delivering better value to the customers in retailing. In Chennai Cavin Care Lime Lite, Marico Kaya Skin Clinic and Apollo Hospital, Apollo Pharmacies are examples, to name a few, where manufacturers or service providers are combine their own manufactured products and services with others to generate the value to unknown. It seems the last mile to connect increasing the lively and experiential. And also the manufacturers and service providers face an exploding rural market and not yet only marginally tapped due to difficulties in rural retailing market. Only the innovative concepts and models may survive the test of time and investments.

Retailing in India is currently estimated to be a \$ 200 billion in industry, of which organized retailing makes up a paltry 3 percent or 6.4 billion US \$. By 2010, organized retail is projected to reach 23 billion US \$. In India the retail industries things have been

never looked better and brighter. The retail challenges to the manufacturers and service providers would abound when market power shifts to organized retail.

Retail marketing is the most important part of the entire logistics chain in a business especially in products related to consumer. In retailing the companies can't do proper retailing in their business. The process of retailing is selling goods in small quantities to the public and resale is not meant for. The derived word of Retail is from the French word retailer, the meaning is to cut a piece off or to break a bulk of product or services.

There are various ways of making goods available to consumers such as company to distributor to wholesaler to retailer to consumer and Company to salesperson to consumer or Company to consumers like online, phone and catalog ordering. The ways of making the goods available to customers are common among this three. The three layered system of distributor, wholesaler and retailer, forms the backbone of the front-end logistics of most of the consumer goods companies in India.

In this system the company operating on all India bases appoints hundreds of distributors across the country that supply to various wholesalers and retailers. The wholesalers in turns can sell directly in the market or they can supply to the retailers. The retailing system is currently prevalent the country across is highly fragmented and unorganized. Anyone with some money or less real estate can open a small shop and become a retailer catering to the locality in which he opens the shop.

There are a number of reasons behind this fragmented retail market. Some of the major reasons such as poverty and lower literacy levels, low per capita income, savings focused and less intelligence mindset, infrastructure facilities are poor like roads etc, intra-state good movement restrictions, taxes high, media to no exposure, imported goods with high import duties, retailing in FDI is not allowed, in business or Industry retailing is not considered by the government and Expensive supply chain. Rather this there is other reasons also, which led to stifling of growth of organized segment of retailing sector and which instead led to highly fragmented market.

Today in India we have more than 12 million retail outlets and most of them are family run and owned locally. In retail stores there are very few nationally present. The process of buying and selling at these unorganized retail outlets in India is highly characterized by bargain and negotiations. Now the retailing is slowly increasing with influence of Medias and urbanization of the market which shifting towards the segment organized. On seeing the huge market size of retail business in the country and the current level of organized segment that the many players have jumped into the business and many are waiting for the right opportunity to enter it.

Statement of the Problem

In world, India is one of the fastest growing retail markets. The retail sector is a driving force in the Indian economy, so much so that news reports often base at least part of their perception of the economy on how the retail industry is performing. Aside from the major economic ebb and flow of the buying seasons and how they affect the sales in retail, as a whole has a number of other major problems that it must often deal with the retail industry. Lack of worker continuity, or employee turnover, is one of the major problems faced by the retail industry. Employees coming in and out of your business as if it were a revolving door only create problems for human resource professionals who must constantly find and train new staff, for valuable time and resources.

In a regular basis auditing is another problem in retail industry faces. In the retail businesses the competition are engaged regularly with one another, and this competition can create price increase, need to force a keep tight control over inventory and other important data. Another area of challenge for the retail industry is the economic uncertainty it faces moving forward. The retail industry as a whole is largely dependent upon the economic well being of the nation. The nation prospers and people have spends more money in the retail industry which generally flourishes. But in basis, it's more difficult in economic times; the retail industry is often faced with potential shrinkage.

Scope of the Study

In the growing market, retail marketing has become one of the major emerging trends in the entire economic cycle. The retail market is only for the first time which provides the consumer basic platform to encounter with goods and a shop keeper. The Retail market consists of a fixed location like departmental and boutique store etc. In these location costumer meets the shop keeper and purchase goods in return of fixed value. Profit margin maintaining is certain; the retailers sell goods to their customers.

The main motive of these retailers is to satisfy the consumers and fulfill their needs and demands. Retail marketing strategy has become one of the basic elements of marketing strategy which includes a lot of planning and proper execution. This study focus on the basic nature of retail and a marketer needs to focus primarily on the needs and desires of the customers.

Objectives of the Study

- 1) To analyze the Problems and challenges faced by the retailers in worldwide.
- 2) To study the growth of retail marketing in worldwide.

Global Retail Rank Index

According to the Global Retail Development Index 2012, India ranks fifth among the top 30 emerging markets in retail. The recent typical formal statement occurrence by the Indian government with Foreign Direct Investment (FDI) in retail, especially allowing 100% FDI in single brands and multi-brand FDI has created positive sentiments in the retail sector.

Table 1 : Global Retail Rank Index

Country	2012 Rank	2011 Rank	Change
Brazil	1	1	0
Chile	2	2	0
China	3	6	-3
Uruguay	4	3	-1
India	5	41	-1
Georgia	6	Unranked	N/A
United Arab Emirates	7	8	-1
Oman	8	Unranked	N/A

Mongolia	9	Unranked	N/A
Peru	10	7	-3

Sources: World Economic Forum, Economist Intelligence Unit, Planet Retail; A.T.Kearney analysis

Sales Growth of Retail Industry

Although personal service stores remain to this day, this new abstract idea started a fast flowing growth of self-service stores in the United States. This ideas are slow to be taken up by other countries, but there has been a steady rise in the global amount of self-service stores ever since. There are many factors contributing to the boom in this sector. To name a few, increased promotion of the interests of consumer with a capacity to spend on luxury items and increased spending power in the hands of Indians.

The table below deals with the retail sales growth in global wise in region. Asia and Australasia, Economist in transition and Middle East and North Africa increase 1% when compare to 2011. No changes in Latin America and North America decrease 0.9 in 2012.

Table 2 : Global Retail Sales Growth By Volume (% Pa)

Region	2008	2009	2010	2011	2012
Asia and Australasia	5.1	5.2	9.1	4.6	5.6
Economist in transition	6.5	-5.2	3.6	4.1	4.5
Latin America	4.8	-0.2	6.2	4.0	4.0
Middle East and North Africa	3.2	4.4	3.8	2.0	3.0
North America	-1.1	-5.0	4.8	2.1	1.2
Western Europe	-0.9	-1.8	0.3	-0.4	0.3
Australia	0.7	1.4	0.2	0.8	1.9
China	14.7	16.8	19.0	9.5	9.8
Hong Kong	-0.4	-2.3	8.9	4.5	2.8
India	4.1	-0.6	9.1	4.4	5.3
Indonesia	8.5	3.9	5.1	4.5	4.6
Japan	-0.5	-0.9	2.5	-0.8	1.2
Malaysia	7.7	0.7	6.1	3.5	5.0
New Zealand	-1.7	-1.3	-1.9	-1.4	0.6
Philippines	4.1	0.0	6.0	2.5	4.4
Singapore	1.2	-2.0	-3.6	1.4	2.7
South Korea	0.5	-0.2	3.9	1.3	1.8
Taiwan	0.3	-1.4	4.1	2.8	2.5

Thailand	-2.1	-0.5	6.2	3.2	5.2
Vietnam	8.9	2.9	4.7	2.2	5.8
World	1.9	-0.3	5.4	2.9	3.2

Sources: Economist Intelligence Unit

Challenges Faced By the Retailers

Scalability - when a chain goes from a few stores in city to many stores spread out geographically, data combining is a problem faced by retailers, it also unable to get a global view of the business. Scalability of the systems is in use in other words.

Heterogeneous Systems - Inorganic growth leads to multiple systems for different areas of the trade. In many cases they are separated and cannot provide a coherent view of the trade. The poor process of integrating between these systems and or manual inputs leads to data mismatch or erroneous data.

SCM - poor Supply chain management leads to overstocking, stockouts, unutilised inventory and shrinkages leading to poor margins and dissatisfied customers.

CRM - Very little detailed customer information, leads to lack of customer profiles and the capacity to perform direct campaigns, which the CRM results in lack of data on the performance metrics of that campaign.

Inability to track shrinkage leads to significant revenue losses. The state of being unable to accurately estimate the Product Plans, Merchandising Plans and Inventory Plans leads to costs of lost opportunity, loss of consumers and reduced footfalls.

Conclusion

Consumers remain strongly value-oriented, so the focus remains on discount retailers. Those retailers with a low-price offer and more price-focused mainstream grocers are faring well as consumers have traded down. But some up-market players are also doing relatively well, as they target a niche. The worst position for retailers remains the middle ground. To cut costs retailers will have to rationalize supply chains, re-negotiate leases to cut operational costs and strengthen their position in core market segments.

Retailers will need to continue to adjust to a more volatile business environment. Major changes in exchange rates, interest rates, capital costs and energy costs will affect operating incomes and cash flow. The economic downturn has demonstrated that a more comprehensive understanding of risk is needed, and there is a need to improve the adaptability of business models. Retailers will have to develop more sophisticated risk mitigation strategies, which would help to diversify risk, reducing the business' vulnerability to a severe shock.

Retailers have developed highly sophisticated global supply chains over the past two decades. However further economies of scale are likely to be more limited, given that energy and transport costs are likely to remain relatively high in the future. In addition, with rising living standards in many emerging economies, labour costs could also rise, forcing retailers to start shifting supply chains gradually to other low cost locations or closer to home to avoid transport costs.

This modern retail formats are encouraging development of well-established and efficient supply chains in each segments ensuring efficient movement of goods from farms to kitchens, which will result in huge savings for the formers as well as for the nation. In coming years that the supermarkets route will emerge as the most preferred format for international retailers stepping into the country.

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