



# Retail detail

**T**AKING a leaf out of Adam Smith's *Wealth of Nations*, India may very aptly be described as a 'nation of shopkeepers'. With over 10 million retail outlets of varying sizes and sophistication, from the neighbourhood *pan-walla* (who often stocks some daily necessities) to the city-centre super-market, India might easily replace the Britain in Adam Smith's definition.

With the retail trade accounting for over 10 per cent of GDP and employing approximately 8 per cent of the workforce, that is about 25 million people, this sector cannot be short-changed. And though organised retail accounts for a miniscule 2 per cent of the total retail market in the country, projections hold wholesale promise.

For instance, the organised retail players now account for around Rs 5,500 crore of the total retail market, but consultancy KSA Technopak in its *Retail Vision 2005* forecasts that this segment alone will, by 2005, account for Rs 29,842 crore. Analysts also expect the organised players to generate a couple of million jobs every year. And for a country such as India, with large-scale unemployment, these are surely heartening projections.

In fact, even the Government seems to be waking up to the potential of the retail sector. Therefore, its intention to open the retail sector to foreign direct investment (FDI). With the Group of Ministers reassessing the policy, closed doors may open for foreign investment in retail, eventually. This, say the proponents of organised retail, will give Indian retailing the much-needed funds to offer even better and cheaper products and services. Not to forget the hundreds of jobs.

But will all this happen? Or is it a case of putting the cart before the horse? Sceptics point to the lacklustre performance of several of the country's leading organised, modern-format retailers, including pioneers such as Shoppers' Stop, and the collapse of another of the pioneers - the Delhi-based Nanz chain of department stores. Organised retail, they argue, is just another bubble.

While the jury is still out on this issue, undeniably modern retailing techniques have done this sector in India a world of good in the last 10-odd years. Consider the street-corner store, often called the *kirana*. With the entry players such as FoodWorld, the demise of the *kirana* was foretold! But this has not happened. The *kirana* stores struck back, offering

personalised service, credit facility and even stocking up on products they wouldn't have earlier. And all this at the customer's doorstep. Indeed, competition is a wonderful thing!

Many neighbourhood stores have reinvented themselves. In New Delhi, for instance, several small retailers have set up common sourcing systems to get the advantages of scale; others are working at leveraging their long-standing relationships with customers and still others, at offering all that modern retailers offer. The beneficiary of all this is, of course, the consumer.

Perhaps the most compelling argument for the organised retail sector is the role it has played, and can play, in employment generation. Consider the example of the RPG group company, FoodWorld, which employs a few hundred young men and women, many of whom have never been to college and never had a hope of finding a job. Or consider Shoppers' Stop which employs those with a college degree. Not surprisingly, FoodWorld and Shoppers' Stop have become the poaching ground for new retail chains. And with almost all the modern organised retailers talking of expansion, the number of jobs in this sector should only increase.

Comments an analyst who's been tracking the sector for a while: "Yes, there has been some hype and those who are in retail for making a quick buck will probably go under. But for those in for the long haul, things are not so bad. After all, modern large-format retail is only about a decade old in India."

Surely there will be a shakeout, with the not-so-serious players falling by the wayside. Food and grocery retailing, for instance, has huge potential given that over 40 per cent of the spending by the Indian consumer is on this. So those who offer value in this segment are likely to have greater success. The other stamp of a successful organised retailer is scalability. Pundits are almost unanimous that retailers who hit upon the right format and who can customise its size to suit the requirements of different geographic locations, will be around.

Above all, successful retailing is about getting right the nitty-gritty of retailing - merchandising, forecasting, the supply chain, training and recruitment, branding, category management and so on. Or simply about getting the detail right. And that's what this issue of *Praxis* is all about - the Detail in Retail! ■

