

***EFFECTS OF MODERN RETAIL TRADE ON TRADITIONAL RETAIL
TRADE***

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Abstract

The retail sector has gone under significant change in the past 10 years. The retail sector in India is witnessing a huge variation exercise as traditional markets make way for new formats such as departmental stores, supermarkets, hypermarkets and specialty stores. Western-style malls have begun appearing in metros and second-rung cities alike introducing the Indian consumer to a shopping experience like never before. The sector is at a conjugation point where the growth of organized retailing and growth in the consumption by the Indian population is going to take a higher growth trajectory. This is because all the products are available under the same roof which is very convenient for the customers and also the attractive discounts, offers which are present in the new format stores. The modern retail trade is growing tremendously and whereas the traditional retail trade is declining day by day. The reason behind the decline in Traditional retail trade because of modern retail trade is presented in this paper.

Keywords

Modern retail trade, Traditional retail trade

Introduction

Objectives

- To understand the effects of modern trade on traditional retail trade
- To understand the reason for decline of traditional retail trade
- To understand the impact of modern traditional trade

The research paper is based on information collected from secondary sources after the detailed study. An attempt has been made to present comprehensive analysis of the impact of modern retail trade on traditional retail trade. The reasons for declined in traditional retail trade.

Retail sector

India is referred to be a nation of shopkeepers with retail outlets of all kinds. Retail sector is currently the flourishing sector of the Indian economy. This trend is expected to continue for at least the next two-three decades, and it is attracting huge attention from all entrepreneurs, business heads, investors as well as real estate owners and builders. Availability of quality, retail space, wider availability of products and brand communication are some of the factors that are driving the retail in India. Retail sector is also supporting to create huge employment while a new form of modern retail trade has emerged within the retail industry and it gave speedy phase to Indian retail sector. After Agriculture, the largest no. of people are connected to retailing in India. Almost every major street of the country will have some form of retail activity. The definition of retailing says that retailing facilitates consumption. In the Indian context probably it is consumption with convenience. Thus the dynamics of retail activities in India have done remarkably to the customers, marketers and importantly the Country as a whole.

Traditional Retail trade

The traditional Retail formats of low-cost retailing, for example, hand cart and payment vendors, and mobile vendors, the local Grocery shops, owner manned general stores, paan / beedi shops, convenience stores, hardware shop at the corner of your street selling everything from bathroom fittings to paints and small construction tools; or the slightly more organized medical store and a host of other small retail businesses in apparel, electronics, food, etc. Small-store retailing has been one of the easiest ways to generate self-employment, as it requires limited investment in land, capital and labor. It is generally family run business, lack of standardization and the retailers who are running this store they are lacking of education, experience and exposure.

The retail activities in this country had started centuries back even when the barter system was in place. Right from that time the activity had grown with momentum and spread across the rural, urban and metro areas. The way this activity has been happening clearly indicates both areas of strength and weakness.

Traditional retailing has numerous advantages which keep it still the widely accepted and most familiar way of purchasing to the Indian consumers. These retailers have some of the strengths which even the stronger of the strongest retailers around the world could not offer.

- Grab it from the next door shop is always possible as the spread of traditional store is so strong. This is one advantage which the modern retailers would be interested in adapting. As mentioned earlier, almost every street in the country has a retail identity.
- The traditional retailers are the familiar one to generations. Right from the kid to the eldest in the family is familiar to the shop-keeper which is a definite advantage. Interestingly, this familiarity leads to building the strongest relationship as well as the trust mutually.

- Though the range of products sold by them is only limited, they have the advantage of selling in small denominations which majority of the customers would favor. This keeps them the most understanding retailer than the modern ones.
- Another interesting area is that they offer monthly credit to the customers. This not only helps the salaried class but also it relieves our worries for keeping the change ready every time we purchase.

Modern Retail trade

India started its Retail Journey since ancient time. In Ancient India there was a concept of weekly HAAT, where all the buyers and sellers gather in a big market for bartering. It takes a pretty long times to step to shape the modern retail. In between these two concepts (i.e., between ancient retail concept and the modern one there exist modern Grocery/mom and pop shops or BaniyakiDukan. So the Indian retail industry is divided into two sectors—organized and unorganized.

The Indian Retail Scenario has undergone a major transition in terms of modern retail activities picking up quiet noticeably. There are various factors that have fuelled the growth of this modern retailing. To name a few, changing customer preferences, the increase in purchase power, free and easy access to international brands, flexible foreign policies of the government etc.

The concept retail, which includes the shopkeeper to customer interaction, has taken many forms and dimensions, from the traditional retail outlet and street local market shops to upscale multi brand outlets, especially stores or departmental stores. Hence, focusing on two aspects of retail marketing, i.e., store retailing and non-store retailing. Store Retailing as the departmental store, which is a store or multi brand outlet, offering an array of products in various categories under one roof, trying to cater to not one or two but many segments of the society and Non store retailing as the direct selling, direct marketing, automatic vending.

The reason for growth of Modern retail trade:

Modern retail trade is booming because of the below mentioned reasons and they are adversely affecting the traditional retail trade.

1. The Modern retail food and grocery stores make constant efforts to induce customers to visit the store by discount offers.
2. Most of these stores believe in creating not just a marketing activity with its customers, but rather favor relationship building with him so as to convert first time customers into a client.
3. They provide better parking facilities to customers and the facility to examine the product.
4. They also offer a wide range of payment options to customers. India is currently the twelfth largest consumer market in the world. According to a study by McKinsey Global Institute, India is likely to join the premier league of the world's consumer markets by 2025 improving its position to the fifth.
5. The face of Indian consumerism is changing. This changing consumer's taste and lifestyle, somewhere automatically give some advantage to organized sector. This makes imperative for unorganized retail sector to restructure itself in order to withstand the increasing competition and to meet consumer expectations by moving with trends.
6. The Retailers believe in bulk purchase of the products which helps the retailers to offer the products at the best prices.
7. Modern retail trade provide greater product assortment across categories
8. Modern and updated technologies are used at the modern retail outlet.
9. Due to increased competition, a larger supply of products into the market, competitively priced items sourced from other emerging market economies, etc. prices of products will converge to a more accurate representation of true market value.

10. Better quality food products resulting from knowledge transfer regarding best practices in grading, sorting and processing techniques, the establishment of a robust cold chain system, etc.
11. Equalization in the standards of living available to consumers between countries. This parity in product choice boosts consumption and helps level the consumption playing field.
12. Equalization in the standards of living available to consumers between countries. This parity in product choice boosts consumption and helps level the consumption playing field.
13. Modern trade helps usher in new tolerance levels for efficiencies and inefficiencies. Customers are willing to pay for efficiencies but are refusing to pay for inefficiencies due to access to wider choice, increased funding options, etc. This will bring about a paradigm shift in business practices, rate of innovation, availability of products and services, etc.

Due to many reasons the organized sector is booming in India and the traditional retail trade is getting affected. The reason for which the Traditional trade is getting affected is under follows:

- i. The traditional retail trade lack modernization in their operations.
- ii. The lack of deeper variety and unorganized display of products makes the shopping experience inconvenient for the customers.
- iii. The lack of space also restricts the customer a bad shopping experience.
- iv. The traditional retail trade believes in MRP whereas the Modern retail trade believes in discounts, offers and they offer products at an attractive price.
- v. Traditional retailers don't invest their capital in modernization and expansion activities.
- vi. There is a lack of affiliation to higher level trade association.

Conclusion

Consumers have shifted their store preference to Modern retailers for all products categories due to product availability, good quality, prices and assortment. The number of traditional retail trade has been reduced. Modern retailing may take away a sizeable share from traditional retailing but will never close down the opportunities of selling certain categories in specific denomination for the traditional retailers because still date the traditional retailer have many advantages of retailing in their hands and can grow though those changes using in an effective manner.

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Bio

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