



CHALLENGES OF RETAIL MARKETING IN MADHYA PRADESH

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ABSTRACT

Due to the introduction of numerous new businesses, the Indian retail industry has become one of the most dynamic and quick-paced sectors. The key attractions for global retail behemoths trying to enter additional markets are India's sizable middle class and its mostly untapped retail market, which will aid in the country's retail industry expanding more quickly. In contrast to other states, Madhya Pradesh receives equal support from both urban and rural areas for the expansion of consumption. The current study is based on secondary data and has analysed challenges faced by retail marketing in Madhya Pradesh. All the related factors challenge the retail marketing has been analysed and suggestions has been framed top solve those issues. The study can prove to be significant for the existing retailers and the prospective one too. The Qualitative analysis suggests the ways to resolve the challenges that are being confronted.

Keywords: Indian retail industry, Retail marketing, Quick-paced sectors, Marketing channels.

INTRODUCTION

The French word "retail" which means to cut off a portion or to break a bulk, is where the English word "retail" first appeared. Any business entity whose sales volume is mostly from retailing is referred to as a retailer or retail store. Selling products or services to end users for non-commercial, personal usage is referred to as retailing. As old as trade itself is the beginnings of retail. The first type of trading is barter. The sale of goods or commodities directly to consumers in small lots or separately through the mail, at a specific department store, boutique, or kiosk, or in person may fall under the category of retail trade. Retail services such as delivery may also fall under this category. The contracting authorities could be a person or a business. Smaller quantities are sold to end users through trade, or "store," purchases of goods or products made in bulk by manufacturers or importers, either directly or through a wholesaler.

The gap between a product's maker and the real consumer has widened as industrialization and urbanisation have progressed. Many goods in our world are produced in one nation and sold to a market in another. The majority of producers now use middlemen to deliver their goods to ultimate consumers rather than selling their goods or services directly to customers.

A retailer must stay on top of not only the constantly shifting expectations and desires of the consumer, but also the competition, advancements in technology, and the socioeconomic environment of the country in which it operates. Along with being innovative, marketing has evolved over time.

The main goal of contemporary company is to create money while satisfying customers' requirements and wants. Thus, marketing in the current era is now focused on the consumer. Every business must therefore first determine what the customers want, how much they want, at what price, and when they want it. Numerous factors, including population growth, a rise in the number of households, an increase in disposable income, a change in attitudes towards life, the advancement of technology, the expansion



of marketing channels, and the expansion of mass media, have contributed to the growth of the modern concept of marketing.

THE INDIAN RETAIL SECTOR

Due to the introduction of numerous new businesses, the Indian retail industry has become one of the most dynamic and quick-paced sectors. In addition to contributing about 10% of the nation's GDP, it also provides over 8% of all jobs. India is the fifth-largest international retail market in the world. In the 2019 Business-to-Consumer (B2C) E-commerce Index published by the United Nations Conference on Trade and Development, India came in at position 73. India is the fifth-largest international retail destination in the world and is ranked 63 in the World Bank's Doing Business 2020 report.

The key attractions for global retail behemoths trying to enter additional markets are India's sizable middle class and its mostly untapped retail market, which will aid in the country's retail industry expanding more quickly. The spending power of urban Indian consumers is rising, and branded products in areas including apparel, cosmetics, footwear, watches, beverages, cuisine, and even jewellery are progressively becoming popular for use in business and leisure. According to a recent estimate by the Boston Consulting Group, the retail industry in India is predicted to reach a staggering US\$ 2 trillion in value by 2032. (BCG).

RETAILING IN MADHYA PRADESH

With the highest per capita income in the nation—nearly three and a half times the average of India—excellent infrastructure to support and promote new industries, a high employment rate, and the highest per capita income in the nation, Madhya Pradesh is quickly rising to the top as a preferred location for the retail sector. All shops have a great opportunity to take advantage of this state's enormous consumption potential.

In contrast to other states, Madhya Pradesh receives equal support from both urban and rural areas for the expansion of consumption. Customers and this distinctive trait point to organised retail's enormous potential as the preferred option for Madhya Pradesh's second-tier cities, semi-urban areas, and rural towns, which are a veritable goldmine of business opportunities for the state's merchants. Additionally, there are many opportunities for expansion in the major cities of Jabalpur, Bhopal, Indore, Gwalior, Sagar, and Rewa. Huge investments in supply chain logistics, processing, cold chains, and contract farming will be made in the state by significant retailers, whether they are international or Indian to enter the food retailing market.

To bolster its food retailing division and build an organised base for agriculture and milk production, Reliance is preparing to make a major entrance into the farm and dairy industries.

REVIEW OF LITERATURE

There doesn't appear to be any literature on the specific causes of the retail sector's expansion and development. Individual researchers include Reardon et al. (2003), Hu et al. (2004), Mutebi (2007), Reardon and Hopkins (2006), and Reardon and Berdegue (2007). Other researchers include CAIT (2007), Global Retail Development Index (2005, 2006, and 2007), Deloitte- Stores Report (2007), and Reardon and Hopkins (2006). (ICICI Property Services-Technopak Advisers Pvt. Ltd., 2007). The research groups that look at the retail industry are (NRFSTE, 2008), (outlook2008), and (KPMG2009). The globalisation of the retail industry is examined in (CAIT 2007), (Deloitte- Stores Report, 2007), (Reardon and Hopkins, 2006), and (Reardon and Berdegue, 2007). The Global Retail Development Index looked at the rankings of the nations in the retail industry in 2005, 2006, and 2007.



Researchers have looked at the expansion of retail in various nations as well as how large retail conglomerates affect smaller merchants. Researchers have looked at the expansion of retail in various nations as well as how large retail conglomerates affect smaller merchants. On the amount of success attained by the retail companies in the case of the Indian market, and the factors contributing to it, however, little research has been done. With regard to the businesses operating in the Indian market, the current study will look into the aforementioned causes.

(Mutebi, 2007) The paper assesses Southeast Asia's retail industry (Malaysia, Indonesia, and Thailand). According to reports (ICICI Property Services-Technopak Advisers Pvt. Ltd., 2007), the retail industry is expanding in India. The Chinese retail market is examined by (Hu et al. 2004). Reardon et al. (2003) investigated both the impact of policies and demand side factors on retail. The Indian small retail sectors are the subject of the (NRFSTE, 2008) report. The KPMG 2009 report examines the expansion of the Indian retail industry. Report from Outlook 2008 illustrating the effects of multi-brand commerce in India. The effect of the huge retail giants on small merchants is revealed by the (CAIT 2007) report.

(Mihir Dash and Sam Chandy, 2009) Researchers have studied the growth of retail in many countries as well as the impact of major retail conglomerates on smaller retailers. However, little research has been done on the level of success reached by retail enterprises in the instance of the Indian market, and the factors influencing it. The study investigate the aforementioned factors in relation to the companies that operate in the Indian market.

(Mukesh Chansoriya and Neha Pachori, 2019) This study's goal is to determine how the opening of organised retail stores will affect unorganised retail, farmers, and consumers. Finding out how much the growth of the retail sector has affected Madhya Pradesh's economy is another goal of my research. The study examined the evolving trends in the Indian retail market, paying particular attention to Madhya Pradesh. It also examined the effects of organised retail on customer behaviour in the state of Madhya Pradesh with an eye towards new retailers looking to enter the sector. The government benefits from this study since it allows them to better understand the retail sector's growth and stimulate investment within, which promotes economic expansion. With the use of questionnaires that customers and retailers both fill out, data is gathered. The statistical tools employed for examination included mean, median, standard deviation, regression, kurtosis, and skewness. The study showed that the retail industry in Madhya Pradesh is evolving, with many new retailers opening profitable stores and other major investors prepared to invest there as well. Organized retail has a bright future in major cities, but it has struggled to make headway in smaller towns

RESEARCH DESIGN

The research paper is based on secondary data as to analyse the overall prospective of retail marketing challenges it was more preferable to conduct the study based on the same using the already collected details. Secondary data has been obtained from a variety of sources such as government websites, academic journals, industry reports, and market research firms. The collected data has been analysed as per the requirement of the study. Descriptive analysis has been done on all the challenges prone to retail marketing in Madhya Pradesh. Suggestions thereafter has been included to suggest the ways to retailers to cope up with the persistent issues.

OBJECTIVES

1. To study the challenges faced by major retail giants of M.P.
2. To frame the potential solutions to overcome the challenges faced by the retail sector.
3. To frame an evaluative understanding of the retail sector in M.P.

LIMITATIONS



1. The study is based on secondary data, whose trustworthiness on the collecting agency's work ethics.
2. Due to time constraints limited aspects could have been covered.

DISCUSSION AND ANALYSIS

India is the fifth-largest international retail market in the world. India placed 16th in the FDI Confidence Index (after US, Canada, Germany, United Kingdom, China, Japan, France, Australia, Switzerland, and Italy). The third-largest country in terms of e-retailers is India (only behind China and the US). By 2030, it is anticipated that Direct-to-Consumer (D2C) shipments will total to 2.5 billion. In the next ten years, the penetration of online used automobile transactions is anticipated to increase by 9x. Corporate giants including the Piramals, Tata, the Rahejas, ITC, Godrej, S.Kumar's, RPG Enterprises, and The Future Group (formerly PRIL) with their massive retail chains Crosswords, Shopper's Stop, Pantaloon, Piramyd, etc., have already made significant plans to revitalise the retail sector in Madhya Pradesh. McDonald's, a retailer of fast food, has spent over US\$ 175 million, for instance, developing its back-end logistics and setting standards in farming, processing, distribution, and retail. The global players will be more likely to source from India for the foreign markets once the processes are in place and they gain trust.

Table 1: Revenue of Companies and % year ROE

S.No	Retail Company	Retail Division	Revenue (Cr)	5yr Avg. ROE
1	Avenue Supermarts Ltd	Retail – Department Stores	24339.27	15.89237
2	Future Retail Ltd	Retail – Department Stores	6560.87	-16.5235
3	Aditya Birla Fashion and Retail Ltd	Retail – Apparel	5322.32	-1.19569
4	Trent Ltd	Retail – Apparel	2794.56	3.409738
5	Spencer's Retail Ltd	Retail – Department Stores	2481.47	
6	Future Lifestyle Fashions Ltd	Retail – Apparel	2327.08	-11.5786
7	Shoppers Stop Ltd	Retail – Department Stores	1973.2	-56.16
8	Competent Automobiles Company Ltd	Retail – Speciality	1211.76	19.02805
9	V-mart Retail Ltd	Retail – Department Stores	1096.5	13.87907
10	Aditya Vision Ltd	Retail – Speciality	749.7	29.07552

(Source:Indiancompanies.in)

Retail marketing in Madhya Pradesh faces several challenges, including:

- **Low consumer awareness:** There is a lack of awareness among consumers in Madhya Pradesh about the latest products and trends in retail. This makes it difficult for retailers to attract and retain customers.
- **Limited infrastructure:** Madhya Pradesh is a large and sparsely populated state, with many areas lacking basic infrastructure like roads and electricity. There is a limited retail infrastructure in many parts of Madhya Pradesh. This includes inadequate road networks,



limited internet connectivity, and a shortage of warehousing facilities, which can make it challenging for retailers to operate effectively. This can make it difficult for retailers to transport goods and reach customers in rural areas.

- **Competition from unorganized sector:** The unorganized retail sector is prevalent in Madhya Pradesh, which poses a significant challenge for organized retail. Unorganized retailers often offer lower prices and have a more personal relationship with customers. Madhya Pradesh has a thriving network of local markets, known as haats, which sell everything from fresh produce to clothing. These markets are deeply embedded in the state's culture and can be tough competition for retailers trying to establish a foothold.
- **Low purchasing power:** Madhya Pradesh is a relatively low-income state, which can make it challenging for retailers to sell high-end products. Retailers need to find a way to balance their product offerings to cater to the diverse income segments in the state.
- **Price sensitivity:** Madhya Pradesh is a relatively poor state, and many consumers are highly price-sensitive. This can make it difficult for retailers to sell high-priced goods and can also limit the profit margins they can achieve.
- **Cultural diversity:** Madhya Pradesh has a diverse culture with a range of regional and linguistic differences. Retailers need to understand these differences and cater to the preferences of different customer groups.
- **Language barriers:** Madhya Pradesh is a linguistically diverse state, with many different languages spoken by its residents. This can make it challenging for retailers to communicate effectively with all of their customers.
- **Seasonal fluctuations:** Retail sales in Madhya Pradesh can be highly seasonal, with demand varying significantly throughout the year. Retailers need to be prepared for these fluctuations and plan their inventory and marketing strategies accordingly.
- **Limited availability of skilled workforce:** Madhya Pradesh lacks a sufficient number of trained and skilled workers in the retail sector. This can make it difficult for retailers to find and retain quality employees.
- **Low digital penetration:** According to a report by the Internet and Mobile Association of India (IAMAI), Madhya Pradesh has one of the lowest internet penetration rates in the country. This can make it challenging for retailers to reach customers through digital channels.

SUGGESTIONS

- Overall, the challenges faced by retailers in Madhya Pradesh require a tailored approach to marketing and business strategy. Successful retailers in the state will need to be adaptable, innovative, and sensitive to the needs and preferences of their customers.
- As a large and diverse state in India, Madhya Pradesh presents a unique set of challenges for retail marketers. Here are some suggestions that retailers in Madhya Pradesh may adopt to address the forementioned issues:
- While digital marketing may not be as effective in Madhya Pradesh as it is in other parts of the country, retailers can still use social media and other online platforms to reach customers. However, they may need to supplement this with more traditional marketing tactics like print ads, billboards, and in-store promotions.
- Retailers in Madhya Pradesh may need to invest in their own transportation infrastructure, such as fleets of trucks, to reach customers in remote areas. They can also partner with local businesses and community organizations to improve access to basic services like electricity and internet connectivity.
- Retailers can differentiate themselves from local markets by offering unique products or services that are not available in these markets. They can also focus on creating a more



convenient and comfortable shopping experience, such as by offering air conditioning or a wider range of product options.

- Retailers can address price sensitivity by offering competitive pricing and promotions, such as buy-one-get-one-free deals or seasonal discounts. They can also consider offering financing options or layaway programs to make their products more affordable for customers.
- Retailers can overcome language barriers by hiring staff who are fluent in multiple languages or by using translation services to provide marketing materials and customer support in a range of languages. They can also consider offering in-store signage and displays in multiple languages to make their stores more accessible to all customers.

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