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# Analysis of Present Issues of Retailing Industry in India and South Africa

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**Abstract**

*Today retail trade has been divided into three categories Modern trade, General Trade and HORECA. FMCG industry recruiting sales force in the same pattern right from National level to bottom line or front line. Retail industry has been categorized as FMCG, FMCD etc. Till 2000 most of the companies were entrusting these sales activities to their general trade executives/supervisors to look after purchase orders from retail or wholesale shops and supermarkets as well. Due to liberalization policies or economic reforms more multinational retail and wholesale companies like Care-4, Metro Cash and Carry etc., many more companies entered Indian retail market through joint venture. By entry of these companies the retail trend has been changed and some of the big Indian business tycoons like TATA, RELIANCE, BIRLA and many more entered into retail trade. Along with tier 1 business tycoons so many tier 2 and 3 business houses also have entered into the race. This trend has not stopped here, there are so many regional players also enter into foray also this trend extended up to semi-urban towns and rural as well.*

**Keywords:-***Modern Retail Trade, General Retail Trade and HORECA*

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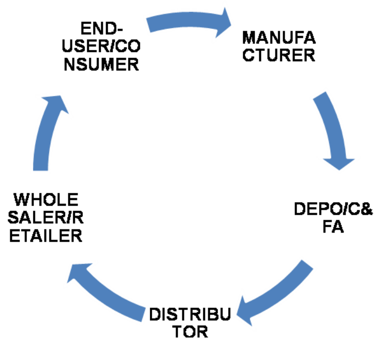
# 1. INTRODUCTION

There have been three stages in the industry growth. From "1940-1965 is manufacturing era, from 1965-1985 sellers era and from 1985 onwards buyers era". This is not only applicable for one or two industries or sectors; it applies to allmost all the segments. Durin 1965-1975, there was no substantial products or brands in all the segments of industry, for instance if we consider two wheeler segment only very few manufactures with less options like "Vespa and Lambrata in scooter category, Jawa and Royal Enfield in motor bike category and Suvega" in moped category in Indian market. From 1974-75 onwards substantial brands introduced to market with more options and variants in all segments. These options with substantial product category convert sellers Era into buyers Era by 1985, in 1950's and 60's we can see only very few brands of bicycles like "Rally and Atlas" but in 70's "Hero" and many more brands introduced, today we can see plenty of brands are categorized with lot of variants as per age group, like kids, junior, Adults and many more. Even in consumer goods industry too. The most interesting scenario here is all the brands are selling. How this selling is happening! "Is it because of growing population, economic reforms and disposable income of a family has increased". In 1960's and 70's only one person was earning in a family, but today husband and wife both are earning, this was happened due to outsourcing business activities especially in software industries and call centers. This is happening not only in India even developing countries in African continent like Tanzania, Kenya, Durban, Nigeria and many other countries especially Shoprite and Uchumi hypermarkets. These hyper markets hiring staff those who passed $10^{th}$ standard and train them as per their requirement, this strategy support young generation gain handsome money to meet their expenses as well as financial support to their families on one side and on the other side their life style is also changing because they are working and selling superior quality products in this super markets. As population is growing, the demand for each category has increased and life style also changing. These changes created new trend across the industries. Due to these changes industry experts start segmenting products depends on potential consumption or utilization. Indian retail industry is lucrative and huge growth potential sector. "According to the **Investment Commission of India**, the growth of retail sector may be $660 billion by 2015". It means the growth of this sector will be almost three times higher when comparing to decade back position. However, in spite of recession the recent growth and developments in retailing and its contribution to the economy is immense. The retailing continues to be the high profit making industries. And the growth of organized retail growing trend is significant in India. But when compare to rest of the world [Europe, USA, China, Africa and Japan] pace of growth is much slower. There is no doubt in this dismal situation of the retail sector due to on-going wave of liberalization, globalization and FDI encouraging policy in the Indian retail sector. In this context my present paper tries to analyze the present issues concerning to the invitation of foreign direct investment in the Indian retail industry. With the latest initiation of the government of India to allow FDI in single brand and multi brand retailing sector, these changes directly or indirectly hit on farmers especially on Agri-food or grocery sector. The buzzing of FDI in Indian retail sector should not be allowed without any restrictions, government should keep an eye on their procurement system for the sake of small agricultural product producers and then it should be significantly encouraged.

## 2. LITERATURE REVIEW

Why retail giants are targeting India as their best destination rather than African continent? As on today Africa is one of the best emerging markets for all industry sectors. Because, India is also one of the best retail market in the world with the fixed returns on their investments. However, all most 90% of the shops are with small investment [Rs.15000.00-Rs.150000.00]. These small shops and traditional Mom and Pop shops contribution is 450+ billion and whereas the so called large retail formats like big bazaar, super markets, hypermarkets, Metro and departmental stores etc, their contribution somewhere stands at 4%-4.5% of the total size of the market These formats are located in mainly in tier 1 and 2 cities. I am writing this article as a part of guide for the students who intend to do research in future on this subject as well as to the management graduates who deserve to be an entrepreneur and do business in Africa or Asia. Just because of this reason I am highlighting local industries position, nature of business and history of companies. I am not giving priority to MNC companies because my intention is to highlight how local companies are giving stiff competition to MNC'S during the recession period by making profits. As far as employment growth is concerned I have mentioned in the end of my article, how hard working or a devoted person can reach to highest position in an organization. If it influences on those who aspire to be member in this field then my efforts will be sacrificed. Through this article I would like to highlight the exploration of latest trends of retail business in Asia and African continents, how this retail business is playing vital role in countries economy and eradicating employment problems in urban/semi urban and rural areas as well as villages. In urban areas the traditional distribution format of retail business was as follows.

**Fig-1**




Now this traditional format has been changed to modern format "From manufacturer-shopping malls/hyper/super market-end user/consumer"**.** The traditional format means Manufacturer-depot/C&FA-distributor-Wholesaler/retailer-end user/consumer. In today's globalization trend the retailing is playing vital role in all products [consumer electronics, telecommunication, education, banking, service marketing, foods and groceries, beverages, apparels, books, etc]. As an integrated element, this article is a continuation of research in retailing. The integrated research still further developed with a depth case study of Asia's and African industries strategy as well as growth of entrepreneurial organization involved in establishing its market through rural channel partners. While reading the above article definitely the following questions will strikes our mind very curiously.

- What is retailing?
- Who is retailers and what they are doing?
- What is the role of retailing in society and contribution to countries economy?
- Is there any chance to create employment opportunities in this sector?

Retailing means selling of goods in small quantities directly to end users, whether these products are manufactured by domestic or multinational companies. The person sells this product on marked price, he will purchase from distributor/manufacturer/wholesaler is known as retailer.
Most of the people in society not knowing much about retailing, they all know about shop and the place where they are getting their essentials/daily needs. "The place where they are getting all their essentials is retail shop and the activity between them and the shopkeeper is known as retailing". The most astonishing secret is well known multinational company products are selling here. The shop is location in connecting point between big multinational company products and consumer as mediator, without shop neither multinational company nor consumer will not be survived, but nobody is thinking this retailing is high tech industry. Everybody is thinking it is a place of their needs. Because there are reasons to conclude in this manner, no need of any graduation or any professional qualifications to run shop or do retailing business, just if we know how to do add, subtract and multiplication exercise is fair enough. Most of the retailers also not highly qualified persons, but they are very accurate in retail business, they are the real brand ambassadors for manufacturers and the end users. These retailers are very sharper than company brand manager/product manager. Because they know the pulse of their every consumer or customer, because they are regularly listening and interacting with their consumers or customers every day about the products advantages, disadvantages and the same feedback will convoyed to company sales persons with in few hours time. Here I would like to exhibit one instance of consumer feedback comparison.
If we buy a TV or mobile instrument, unless we use the product at least for a month, we cannot give any feedback about the efficiency of the product. If it is a two wheeler vehicle we should drive at least one thousand kilometer then only we can give feedback about the performance of vehicle. Even though authorized dealer will not accept the customer feedback and he will revert with technical reason means as it is new it will be liked that once it running complete 5000km then he will look into customer complaint. By this time either customer will desperate about the product or authorised sales and service dealer maybe withdraw his dealership of the company due to inefficiency of the product. Same situation with TV also, but this will not be the situation in consumer goods [FMCG]. As soon as the buyers buy the goods from shop within 30-40 minutes they open and use the product to cook food. If the product is not up to their expectations, it will return to shop or the consumer will report to shop keeper about the quality of the goods. If the product is good repeat purchase will be taking place or some customers will buy the product due to his neighbors influence. This will happen within one or two days time and the same will communicate to authorized distributor as well as to manufacturer within 4-5 days. The response and feedback is so quick in consumer products and such quick feedback we won't see in any of the industries in the world.

This type of quick responses and feedbacks are caution to manufacturers. They should keep their eyes and ears open round the clock. Also this is an advantage and an opportunity for compititetors, this is the one industrial sector provides ample opportunities to an average qualified businessman to earn name, fame, millionaire or billionaire. If anyone deserves to be a professor he must be post graduate with doctorate. To become doctor or engineer or top management position in industry or government organizations, he/she must have adequate professional qualifications with experience. In India most of the retailers are average qualified and they are very sharp in grasping consumer tendencies when compare to African countries. Indian retail market has been categorized as "**formal and informal markets or organized and unorganized"** sectors. The organized retail format contribution is only 4% of $490+ billion market size and the rest turnover from unorganized sector. This unorganized sector mainly of rural areas inclusive of street smart venders to small convenience stores and their investments starts from Rs.1500.00 to Rs.200000.00 depends on their trade. A small vegetable vendor cannot keep more than 3 days inventory like grocery or food products due to life the product. The motive behind the FDI is to boost the soaring inflation.

## 3. ANALYSIS AND DISCUSSION

Wal-Mart is a well known retail chain the world. This store selling the goods to consumers on retail basis meaning thereby consumers will buy two to three packs on each category. These stores are not wholesalers, but their purchases will be much higher than wholesalers. The difference between the wholesaler and the big malls/supermarket can be understood as wholesaler sell to retailers, whereas big retailers sell directly to consumers or end user. Indian retail industry is tenth largest market in the world. The 1991 economic reforms pulled major big retailer giants towards Indian retail market. Because in India unorganized retail sector is occupied more than 75% of market share, this information creates aesthetic impression about Indian retail market with multinational companies. India is big in geographically after china with lucrative retail market as far as growth and potential is concerned. These multinational industries arrival with the hope of change the face of unorganized retail sector and increase the product category as well consumer life style. But the contribution towards converting unorganized to organize was not more than 4-5% of $490+ billion is not a great change in the current trend. I would like exhibit one instance of Indian retail market comparison, how it was in 1980's and today.

In 1980's city like Mumbai, Delhi, Bangalore all products markets are categorized and selling in fixed locations only, in Bangalore if any retailer wants to buy groceries in bulk they should go to Yashavanthpur APMC market. "Metro Cash and Carry is located here now to squeeze wholesale dealers and customers". If we want buy clothes for any occasions like wedding, festival, birthday we should visit Chickpet and jewelers located in Avenue road. FMCG wholesalers were located in O.T.Pet as well as in Yashavanthpur, for vegetables and flowers K.R.Market. Till 2001-02 this trend was continuing. In mid of 2002 Germany's Metro cash and carry entered into wholesale market in Bangalore India. The whole structure has divided and wholesale shops start their operations in all most all the locations of Bangalore to protect their business as well as giving stiff compitetitation to Metro. Metro cash and carry may be a big joint in global retail index ranking, but they were failed in attract maximum numbers retailers as their members. Some picture theaters demolished and shopping malls and complex was constructed [Alankar shopping complex]. But today if we go to any corner or major locations in metro cities we can see supermarkets and shopping complexes or malls.

The market size of Indian retail industry is approximately 490+ billion and this accounts for 14-15% GDP also one of the best retail market in the world [fifth best in the world]. The real retail industry is hiding in rural areas only. As long this trend is existed in India neither multinational retail companies nor multinational manufacturers cannot change the unorganized retail system/sector. Even in such a situation retail business is growing in Asia. Since last decade retail industry is growing, how this growth is occurring, what was the reason for this growth, many market research companies did survey to find the truth behind this growth. In 1991 government industrial and EXIM policies were liberalized, due to this liberalization policy more multinational retail, software, and many more industries entered the Indian market, especially software industries and call centers [BPO]. These BPO's recruited software course certificate qualification candidates as programmers and 12th standard with fluency in English as customer care representatives. The salary and perks were on par, means above the expectations and spending capacity was increased. Both husband and wife start working, the disposable income of the family has increased and lifestyle also changed. This is one of the reason for retail sector growth, when disposable income is increased the perceptions of sophistications and commutation system will also be changed. Earlier most of them depend on public transport to reach their work spot, even for short distance also, but as soon as their income has increased, most of them preferred to have their own vehicles and even for small purchase they preferred to visit shopping malls. Because in these shopping malls more options provided in all sector. For example in life style products trail rooms facility made customers choice easy. All this has reflected in terms of growth and year on year sales in retail sector has increased. This trend was pulling more and more job aspirant candidates move from rural to urban for better life as well. "China is well advanced in modern retail formats compare to India. Due to this advanceness china achieved enormous growth in retail sector and their GDP is growing". In Asia, India and china are compititetors. As on today still in rural sector traditional distribution system very in active, it will not be change within few years. It will take a decade's time. Till such time unorganized sector will play vital role in distribution of consumer goods also show growth. In Indian retail industry these big retail companies as well as multinational retail companies concentrated more in urban areas rather than rural areas/semi urban areas. This phase of growing trend of retail industry attract big retail giants invest in Asia and Africa also. In another five to eight years time $100-$150 billion FDI in Asia and $10-$15 billions in Africa is expected on modern retail formats. These modern retail formats are made their foray especially in urban and metro cities. Depends on the growth rate and based on the profit, the retail industry has been divided into three segments.

**3.1 Higher growth rate and more profit Segments**

- Consumer goods like foods and grocery is 89+%
- Apparels likely to be 52+%
- Durables like furniture's and house hold articles is 25+%
- Pharmaceutical products 26+%
- Life style products like Leather goods, wrist watches and ornaments[gold, silver, platinum is 17+%

**3.2 Fastest growing potential**

- Super market chains is likely to be 40-42%
- Specialty stores/hypermarkets will be 34-36%
- Semi urban/small super market chains is 22-25%
- Departmental stores is 15-17%

## 4. INVESTMENT POLICY IN RETAIL [FDI]

- MNC's like Metro Cash and carry stores allowed in wholesale sector, also franchisees
- 51% of Foreign direct investment allowed on specific terms and condition.
- Single brand and internationally same brand should be available in other countries

By the end of 1996 onwards tremendous changes was taking place in retail sector, until 1990 the total retail sector was under the clutches of unorganized sector. Increased awareness creating activities through TV and print media, consumer perception has changed and at the same time working members in the families also increased. This has give boost to spending power and personal consumption has increased. Major growth occurred in food and grocery sector, due to increase in urbanization and qualified manpower also increased this growth reflected in organized retail sector. Along with food, packaged foods and beverages parlor's also shown remarkable growth. After this sector mainly the lifestyle sector shown good growth in different formats created their own outlets, hypermarkets, convenience stores, mini supermarkets, discount stores, large and mini supermarket chains showing consistent growth of 6%. In African continent some of the countries adopted modern retailing formats like South Africa and some under developing countries like Tanzania, Kenya, Uganda Zimbabwe, Nigeria Ethiopia, Ghana in their capital cities and rest is still under the clutches of unorganized sector. The realization of the customer's growing awareness and the need to meet changing requirements, preferences on verge of changing lifestyles also contributed to the formulation of customer centric strategies. Due to change of life style in consumer leads retailers to think and change their attitude from traditional to modern retail formats in way of supermarkets, hypermarkets and specialty stores chains. Some of the big business houses and big retail houses renovated their stores and their past and present status is as follows.

**Table-1**

| Past Status | Present Status |
|---|---|
| SPENCERS-HYPERMARKET | FOODWORLD, HEALTH & GLOW |
| PIRAMID MEGASTORE | TRUE MART |
| SHOPPE-FOOD BAZAAR | PANTALOON-BIGBAZAAR-MALL-CENTRAL |
| CROSS WORD | SHOPPER STOP |
| STAR INDIA BAZAAR | TRENT-WESTSIDE |
| LANDMARK | LIFESTYLE-HYPERMARKET |

**Some of the big houses retail investment in India**

| Company | Investment |
|---|---|
| Reliance industries | $6.67billion |
| Pantaloon Retail | $ 2.billion |
| Lifestyle | $.90 million |
| Raheja's | $ 100 million |

The global consumer electronics revenue was projected up to $.1 trillion in 2011, results yet to be declared. The various continents sales projection was 8% from Japan, 7% from African continent, 5% from East Europe and 4% from Middle-East. The biggest loser was Unilever in USA and European markets. Asia, Latin America, Brazil, India, China and turkey are the fastest growing markets in the world. Because of 11% GDP Turkey earned good recognition and place for investment, from investment point of view. Now most of the consumer product industries are keen to invest in Turkey. Also it is a feeder market to Europe, Middle East, North Africa and many other regions. In Africa very few countries are more favorable to consumer products industries as well as emerging markets. Nigeria, Ghana, Morocco, Tanzania, Kenya, Uganda, Mozambique, South Africa but Egypt, Libya and some more countries are comes under African continent they are suffering with political instability. Investors always thinking about political stability before make investments. There are some barriers from the government side also in African countries. This will hinder expansion of business in this region. For example, Uganda and Senegal government authorities will not allow any pharmacist to keep or operate more than one medical store or distribution houses; this leads pharmacists to sell only costly medicines rather than normal medicines. Mediplus and francophone are having larger medical distribution chains in West African countries and their corporate office will be located in France. In eastern parts of Africa semi-governmental communities like NGOS's will take care of medicine distribution to remote areas. But from distributors end goods will send through informal ways like bus, trucks or mini bus. Also distributors will take the advantage of this system and they make profit from 20-35% depends on the drug and retailers will earn 75-90%. In spite of all the odds distributors are trying their best to supply good quality goods to remote areas. Government is also trying to create awareness programs to consumers about sub-standard medicines as well as consumer goods. At the same time investors also start investing in distribution business. Due to this initiative of investor of well known multinational companies quality products are introduced in market. This move has made significant changes in consumer attitude. In this change, high quality distributors role can't not be denied, because these distribution houses procure from high quality product manufacturers and through private distribution alliance cover the whole country and regions. The below table is an example of investment themes in retail distribution.
Here I would like to share my Tanzania experience.

As I am having diabetes, I am regularly consuming**"Gemer-1"** tablet to keep my sugar level in normal condition. This tablet is costing in India is Rs.235 for fifty tablets box, this rate is equal to 8000Tzs. Whereas the same tablets in Tanzania capital city Dar-Es Salaam the price is 16000.tzs, in Morogoro it is 18000.Tzs and beyond this town we have to place the order with 22000.Tzs as advance and wait for one week get the medicine, mean to say that retailers keep their profit beyond 100% margin in east Africa countries.
The following table shows the distribution and investment information of selected Companies in African countries.

**Table-2: Promising Investment: Themes in Retail and Distribution**

| Retail | Nigeria | Senegal | Uganda |
|---|---|---|---|
| Industry Structure | • 15–25 percent price mark-ups. Highly fragmented (1,500 registered retailers and estimated 6,000–10,000 hawkers) with a few nascent chains (ten outlets generally). | Retail gross margins capped at 23 percent by law. Highly fragmented law prohibits chains of more than one pharmacy and proscribes a maximum permitted number of pharmacies in a given area. | Fragmented market with 35% margins make retail lucrative and allow room for competitors to harvest volume at lower prices. Shortage of pharmacies despite high margins due to limited number of qualified pharmacists and law prohibiting pharmacists from operating more than two pharmacies. |
| Opportunities | Consolidation of outlets into pharmacy chains is a significant opportunity, further improved by the high geographic concentration of existing outlets in urban centers, (Lagos state has 30 percent of total national outlets, Abuja has 11 percent). | • Limited opportunity given the regulatory limitations on scale. | Consolidation of pharmacies, employing at least one pharmacist for every two pharmacies; demand exists for additional outlets but growth is limited by shortage of qualified pharmacists. |
| Distribution | | | |
| Industry Structure | Reported margins low at 2–10 percent, depending on volume and region. Largely private and highly fragmented (290 registered importers and 720 registered distributors); fragmentation stimulates competition but introduces supply chain weaknesses resulting in obsolescence and counterfeit leakage. | Distribution gross margins capped at 18 percent by law, often 15 percent after discounts. Consolidated among three major distributors with a fourth smaller one. Regulatory requirements for distributors to serve all retail outlets raises costs of entry. | 10–20 percent estimated net margins. Distribution largely controlled by 8–12 companies; landlocked country means imported products often come through neighboring countries first |
| Opportunities | Vertical integration between manufacturing and distribution, or between retail and distribution for high population density areas.<br>Rural distribution opportunities by combining medical product distribution with other goods or with transport services. | Significant investment required to enter market as a distributor. Possibility of network of separately owned pharmacies to jointly invest in distribution company given high degree of industry organization among pharmacies. | Potential for regional integration of distributors due to moderate domestic consolidation, the requirement to import through other countries from being landlocked, presence of large export oriented manufacturers in neighboring countries, and regional trade policies of COMESA and EAC. |

**Table-3: Distribution and retail in selected countries & investment themes**

| Operation | Examples | Annual revenues $ million | Setup cost $ million | Development impact |
|---|---|---|---|---|
| Pharmacy chains | Mediplus (Nigeria), Vine Pharmacy (Uganda). | 0.5–3.0 | 0.3–1.0 | Serves as a platform for expanding reach of drug outlets to rural regions. Efficiency gains allow for lower prices and increased affordability. |
| Multi-sector | Nufaika | 1.0–15.0 | 1.5–7.0 | Broadens access within rural regions. Profit |

| | | | | |
|---|---|---|---|---|
| distribution platforms | (Tanzania), Great Brands (Nigeria). | | | maximization strategies also expand portfolio of drugs being made available. Increases overall capacity of distribution system. |
| Multi-brand vertically integrated platforms | PHD (South Africa), MDS Logistics (Nigeria). | 3.0–10.0 | 1.0–3.0 | Expands overall capacity of distribution system. Increases access to drugs in rural areas. |
| Pharmacy accreditation programs for informal retail operators | ADDO (Tanzania). | 0.3–2.0 | 0.3–1.0 | Significantly increases access to essential drugs in remote regions. |
| Supply chain management programs for donors or governments | MEDA voucher program (Tanzania), Village Reach (Mozambique). | 0.3–1.0 | 0.3–1.0 | Relieves burden on public sector and helps improve efficiencies across system. |
| | | 4.9-31.0 | 3.4-13.0 | |

The above system [**Table-3 & 4**] is contributing profit to a country by distribution development as well as foreign exchange. But certain countries like Senegal and Uganda have to change their strategies in allocating pharmacies. Because they are restricting the numbers, owning pharmacies, this will leads to sell cheaper and sub-standard medicines. In 2005 I have seen in Guinea [West Africa] so many vendors were carrying medicines in basket like vegetables on their heads and selling in street. The person who is selling these medicines they don't know whether is it expired or not. Near the sea ports and market streets so many chinies selling herbal medicines.

## 5. THE IMPACT OF MODERN RETAIL FORMAT IS NOT ONLY IN ASIA, ALSO IN AFRICA

But before entering into African markets MNC'S were keenly observed the market research reports and existing well known companies assumptions on African markets, especially South and East African markets. According Unilever's Market Report 65% of SA consumers are now compare prices more often and 60% shop around cost awareness and this is permanent feature of the FMCG market. This has influence the big retail giants to enter African markets. Wall Mart enters into SA's fast-moving consumer goods (FMCG) market. At the product-supply level two new foreign entrants Iffco Worldwide and Diplomat also has entered in the retailing market in S.A**.** Both of them aim to do the same. The FMCG market is ready for change and Local food manufacturing giants have their own way for too long. Their position has been largely unchallenged by foreign players and enabled them to build huge brands that sell at premium prices. Iffco (SA) comes with the backing of Iffco Worldwide, a Dubai-based food manufacturer and distributor with a presence in over 85 countries. Iffco is determined to build a major, sustainable business [in SA] and has the financial muscle to do it, Israel's largest FMCG distributor and Diplomat has entered SA under an agreement with Procter & Gamble (P&G), the world's largest FMCG manufacturer. Diplomat has been associated with P&G last 20 years and is one of its top 10 distributors of P&G and it focuses on the personal care, household products and baby care sectors. Diplomat's initial focus is on tier-two retailers, which include pharmacies, specialty chain stores and independent wholesalers and tier-three retailers, which covers small formal and informal retailers. Also Diplomat offers full distribution service covering all aspects including logistics and even debtor admin. This enables retailers to focus more on their business. Diplomat has built distribution centre in Gauteng, Cape Town, Durban and Port Elizabeth to speed up distribution. Apart from these top retail giants convenience stores are showing consistent growth in this region, also this convenience stores always changing their formats according to consumers taste and recruiting franchisee's to tap unorganized sectors to convert towards organized sector with cost effective manner. This will attract more middle class families benefitted in the past, present and future also. For both Iffco and Diplomat, Wal-mart's arrival could not have been better timed, referring to the brand Massmart is using to drive its entry into the lower-income FMCG market. The Wal-Mart spirit has already arrived. The [FMCG] market is ready for interesting fight. If we just see at a glance on South African retail sales trend since 2007-11 we can see consistent growth, especially in food and grocery category. Next to this category is organic food, like baby food and nutritional food, this sector projected sales for next four years CAGR is 30%. "The main reason behind this growth is South African government is restricted profit margin on branded item is 10%, because of this reason all the big retailers are giving more importance to food and grocery". The market main players are: Pick n Pay Holding Ltd., Shoprite Holdings Ltd., Spar Group Ltd., Massmart Holdings Ltd., Woolworths Holdings Ltd., Metcash Ltd. and Edgars Stores. The South Africa retail industry is one of the largest retail industries in the Sub Sahara African region that presents profitable investment opportunities for new players. With surging middle class, rising income levels, low-interest rates, changing lifestyle, introduction of new models led to the rolling demand of retail products in the country. Besides, increasing consumer appetite for convenient shopping and soaring sales of low priced non-traditional products had a positive impact on the South Africa retail industry.

The retail market has benefitted from a strong consumer confidence and high public spending on both food and non-food items. We can notice that the non-food retailing will grow at a faster pace than food retailing, with high spending on technical consumer goods. With the rising employment opportunities and low interest rates, the market is set for growth in the coming years. Growth can be anticipated that the South African retail market [branded] will grow at a CAGR of around 7% during 2011-2014. With this growing confidence South African retail business may $118 Billion by 2014 at the rate of 5% CAGR. Some of the different retailing segments namely the food retail and the non-food retail and further segmented the non-food retail into clothing & footwear, cosmetics & toiletries, furniture, household cleaning products and consumer electronics are growing consistently. Convenience is a relatively new trend in South Africa's Fast Moving Consumer Goods (FMCG) market. Major retailers and wholesalers own most of the convenience stores in South Africa. Supermarkets have been present in the country for more than 60 years and quite popular for providing fresh products. Now we look into matter of employment opportunities in retail sector. "After agricultural sector retail sector is the second largest sector providing maximum job opportunities".

**Global Retail Development Index (GRDI)** ranks 30 international destinations for retail expansion and development potential, opportunities, for the year 2011 and also they find out which international retail markets offer the most to "US RETAIL" chains are interested in expanding beyond North American borders and into foreign markets. Because of 11% GDP

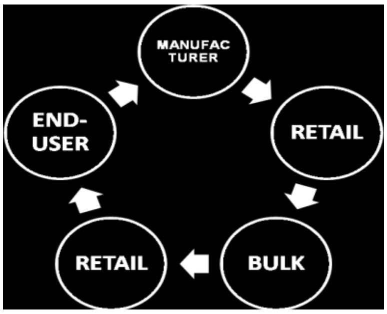
Turkey earned good recognition and place for investment. From investment point of view now most of the consumer product industries are keen to invest in Turkey. Also it is a feeder market to Europe, Middle East, North Africa and many other regions. The following countries deemed to be the best retail markets for international expansion. There are 30 countries those were evaluated for the year-2011-12 those are as follows.

1 Brazil -2 Uruguay -3 Chile -4 India -5 Kuwait -6 China- 7 Saudi Arabia -8 Peru 9 United Arab Emirates -10 Turkey -11 Lebanon- 12 Egypt-13 Albania- 14 Russia 15 Kazakhstan -16 Indonesia -17 Morocco -18 Philippines -19 Tunisia -20 Sri Lanka 21 Malaysia -22 Mexico -23 Vietnam -24 Colombia -25 Argentina -26 South Africa
27 Panama -28 Dominican Republic -29 Iran -30 Bulgaria

## 6. CONCLUSION

Retailing matter after limitation employment to illiterates to literates and this is a safer place to survive. Yes this is a place to earn name and fame. If we look at any industries growth or recognition, retailing comes at forefront growth. Its transaction may be in bulk. Without retail there is no bulk, if any product is selling in bulk market that is because of retailing effort, "retail and bulk are like both sides of a coin". This is the one reason applicable to all the industries or products, whether it is software, hardware, industrial or durables etc, there are plenty of examples which are lying in front of us. **"Dell"** computers are selling in 1984 directly to consumers means end users, those days computer were new baby's in the consumer electronics market. Also nobody was aware of Dell brand computers selling in single digits, from there they were grown, this is what we known as retailing. If any organization comes to market without retailing means, it will be a plop show, because if you sell your products in retailing you will get immediate response or feedback from consumers or end users and you will correct the mistake before reaching/selling to second customer. The below picture **[Fig-2]** is highlighting the same. Not only Dell any product comes to market the same strategy will applies, once they grown they will not bother much about retailing because of bulk buyers enthusiasm to invest more on the brand. Once they buying in bulk, again it will come back to retail shops to liquidate the stocks to get back their investment with theirs profit. This is cyclical rotation in business. The growth of an industry will happen through retail sector only. In any corner of the country or world when new retail formats introduce all the people/consumers/customers will not visit at a time. Firstly, some groups visiting newly opened retail shop/supermarket/shopping mall and their experience will spread during their chatting time. Like this, new formats will earn name. Moreover, in the new format products are selling in single digits or consumers are buying the products in small quantity means absolutely retail basis. This modern retail format is influencing on the society to change their lifestyle from traditional to modern means unorganized to organized style. Spending in organized retail formats stores, consumers feel they are spending in right place and their spending is justified. These multinational joint ventures introducing imported goods in retail generate more foreign exchange and boost national income also countries economy. In this phase, Amway one such big organization is doing million $ transaction in India and their contribution to economy is immense. This was the one reason all the multinational retail Giants eager to entering into Indian retail market. Till 2011the Indian government was not allowing FDI in retail sector and it was restricted the foreign group ownership in supermarket, convenience stores. Foreign retail giants can do business with 51% stake and these stakes can be invested on single brand not on multi brand. But in November 2011 finally government of India confirmed its stand on FDI in retail sector on single brand as well as multi brand retail, this retail reforms constructed sophisticated road to worlds big retail giants like Carrefour, Wall Mart, Tesco and many more organizations. There is no doubt that Africa offers the highest rate of return on investment than anywhere in the world at the present moment and in years to come, but if this growth is not translated into employment, basic amenities and infrastructure for the common man, then it wouldn't be sustained. The people have to feel part of the growth, also with the current crop of leaders, a lot of need to change for African growth and to be sustained and attract more foreign investment.

**Fig-2**




## 7. LIMITATIONS OF THE STUDY

Whatever instances, exhibits, figures etc all information's focused more on international, national, regional brands. Beyond to this there are so many brands or products which were not considered due to lack of awareness. These manufacturers are not ready to create awareness about their brands, if their brands popular then come under taxable structure. On the other side some manufacturers were interested in exports rather than domestic market. Here I would like to exhibit two products which was not considered in retail revenue.

1. India is mainly Hindu traditional and custom [religious] bounded country due to this religious tradition people are worshipping god on season wise. On these days there so many Pooja articles [auspicious] are selling in crores of rupees, but no one considers this as retail revenue. On such occasions people are using "cotton threads" to light lamps in front of god's photo or idol, this type of occasions comes 9 times in a year as per Indian tradition. Apart from this there so many regional and weekly celebrations like Monday-God Shiva, Tuesday-God vigneshwara, Thursday-God-Shirdi Baba, many more like this. Moreover, this cotton thread are made in home itself till 2000, but this is also selling in retail shops as well as in super markets now, these manufacturers were located in each and every street in India especially urban and semi-urban. The most interesting character in this category is no brand name for this product. This category has not been considered in retail trade and no market research company tries find out the value or volume of this category.
2. Here I would like to exhibit seasonal food product. "Haleem" this product is selling only in "Ramzan" festival season in Hyderabad India. In this one month season we see in front

restaurants a big flex board about this product. This product is having huge demand from all corners of India and gulf countries as well. Only very few restaurants will provide Taxed receipts [about 15-20%] for sale and rest will not give any receipts. Here also same as above neither the market research companies nor manufacturers will not ready to disclose the exact transacted value. Hence, I have not considered the same product retailing.

## 8. Scope for Further Research

There is no end for research as much as we go deep into the subject we will understand that there is huge scope for further research in retail trade, this applicable not only for retail trade, it applicable to all sector. Six decade back nobody was thought that **"man can land on moon"**, but today we have reached the dreamed destination and doing research. We are aware of many instances like **"Dell, Apple computers and IPods"** and many more in front of us, a decade back nobody was thought hair style products were one of the fastest growing products in African continent, after so many market research information's Godrej Consumer Care Ltd was acquired **"Darling"** and **"Amigo"** brands as part of their global expansion. Like hair style products there so many products were not lime lighted and recognized, only proper researches will boost the demand. This is high time for management students, management faculties and manufacturers to concentrate more on neglected categories.

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