

Chapter-11

- Logistics For Retail

DO NOT COPY

Rise of Organized Retail

- Organized retail in India has indeed come of age
- From “Neechay dukaan upar makaan’ the organized retail business has taken a vibrant shape
- Organized retail is expected to grow at 25% per annum.

Rise of Organized Retail

- Retail boom is not only confined to the metros, but is fast moving towards the small towns
- Smaller organized retail formats have certain obvious cost advantages which they can leverage in their battle against the large players

Players in retailing

- At the world level, Wal-Mart, Tesco, Carrefour, Shoprite, are leading players
- In India we have Big Bazaar, Trent's Westside, RPG's Foodworld, Vijay Sales in Mumbai, Subhiksha, Nilgiris and Vishal Mega Mart are leading players
- Reliance is also coming up with large chain of retail outlets under brand name "Reliance Fresh"

Factory Outlet Chain

- Caters to value seeking customers
- Company owned or franchised outlets sells exclusively the company brands
- The most extensive presence of organized retailers is in the apparel and clothing market, followed by foods groceries and appliances

Organized retail has resulted into

- Shift in bargaining power balances
- Retailer advantaged
- Promotions in large retailers
- Fast feedbacks
- Control, organize, and manage the supply chain from production to consumption

Emerging Aspects in Retailing

- The retailers are having more control over the secondary distribution
- Supplies should be of composite loads
- Retailer itself conducts milk runs
- More frequent delivery of smaller consignments
- Quick response strategy

Emerging Aspects in Retailing

- Electronic data interchange
- Integrate primary and secondary distribution
- Large retailers collaboration with manufactures

Emphasis is shifting to retailers demanding

- More and Frequent deliveries
- With shorter and shorter lead times
- Of smaller and smaller quantities
- Resulting in more and more of manufacturer suppliers not being able to make optimum utilization of delivery units
- Holding more stocks at delivery centers

Retailers and manufacturer are sharing information on

- Trends in demands
- Stock levels
- Future plans
- Marketing initiatives

Cash and Carry Format

- Retailer itself assumes the role of the manufacturer and caters to the requirements of other retailers
- Is similar to wholesaling to smaller retailers
- The German cash and carry giant Metro has already set up base

Global Data Synchronization System

- Unique code, description, classification and identification number to a product, companies are ensuring that supply chain partners use common product descriptions so that no scope for minor inefficiencies.

Private Label

- Private labels are product lines that are owned, controlled, merchandised, and sold by the retailer himself, has its own distribution strategy
- For large retailers like Big Bazaar, Subhiksha it makes a lot of economic sense to push their in store brands of normal grocery items where the profit margins can be as high as 20-25 %

Stand Alone Supermarket

- Supermarket store is bigger than a normal grocer with average shelf space of around 1500 to 2000 s.ft.
- Offers product slightly less than the MRP
- They are single and self service stores

Other important retailers

- 2.5 lacs chemists are important part of the retail distribution scenario
- Medicine Shoppe , having around 60 outlets spread across the country
- Panwalla are important category buy itself
- Buying visibility in a paan shop is lower, and the cost of servicing is comparatively higher.

Summary

- Organized retailing in India has growing importance and very good growth opportunities
- Key players in Indian markets are, Big Bazaar, Westside, Food world, Subhiksha etc.
- Retail boom is not confined to metro, its fast moving to other cities of country