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Reshaping Retail- A Strategic Intent

Manoranjan P Ram* & Deepak Singh**

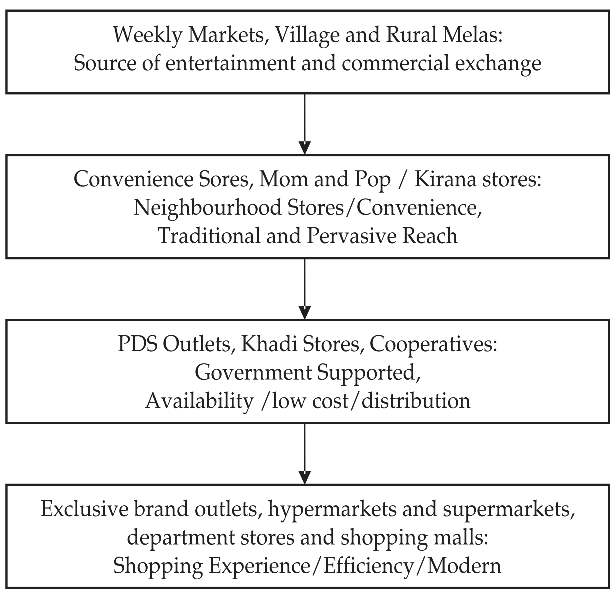
The business of retail in India has seen significant changes in the last few years. We have seen the emergence of new formats and the application of global concepts and constructs albeit with modification to suit the Indian environment. As an industry retail not only contributes GDP but also employs a large number of people. The retail, sunrise sector of the economy, second largest untapped market in India after China has shown good growth because of increased purchasing power, rise in number of double income families and demanding customer due to life style and paucity of time, customers are looking for convenience. These, with inflated home values, freely available credit and low interest fuelled the level of consumer spending. In turn, retailers responded by aggressively adding new stores launching new concepts, building in online presence, and expending state level to all India level. In India the retail sector grew at 30 percent, revenues rows sharply, profits increased and share price upswinged. But, now the situation is different because of slowdown in economy. The retailers are closing many outlets and try to consolidate their position in major profitable centres. The present scenario can be capitalised as an opportunity to win the loyalty of more customers, increase productivity and strengthen market position. In this study, we are going to recommend retail executives how to respond in a downturn in their businesses and emerge from it even stronger than before.

Introduction

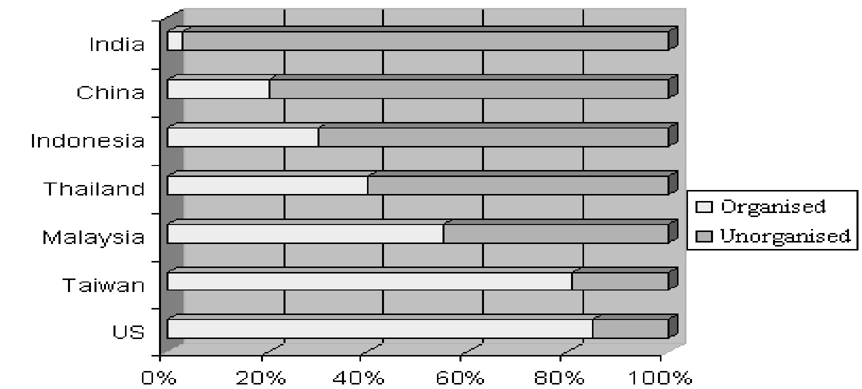
Retailing is the final step in the distribution of merchandise-the last link in the supply chain-connecting the bulk producers of commodities to the final consumers. Retailing covers diverse products such as fruits & vegetables, food & grocery, apparels, jewellery, utensils, books, stationary, consumer goods, financial services, Hotel & Tourism, leisure. A retailer, typically is someone who breaks the bulks, makes products & services available to the consumer, whenever required and thus offers a value proposition to a consumer by creating easy availabilities of the desired product in the desired size and at desired times.

Organised retailing in India begins slowly in the 1980's, when India first began opening its economy. Textile Sector (Bombay Dying, Raymond's, Grasim) pioneered the setting up organised retail stores and retail chains. *Later on, Titan maker of premium watches successfully became organised retailer in India by establishing by a series of elegant showrooms*. With the economic liberalization organised retailing in India witnessed a fresh wave of new players entering into the business. Manufacturers saw a great value in integrating forward by investing into retailing of their own manufactured products. Moreover, some entrepreneurs started their organised retail business with no serious plans of getting into manufacturing. These entrepreneurs were of various fields, like food world, Subhiksha and Nilgiri's, Planet M, Cross Words and Fountain head. The phases of evolution in the retail sector have been explained in the figure 1:

Figure1: Phases of Evolution of Retail



* Professor & Chairperson (PGP), JK Business School, Gurgaon
** Lecturer, JK Padampat Singhania Institute of Management & Technology, Gurgaon



	US	Taiwan	Malaysia	Thailand	Indonesia	China	India
Unorganised	15%	19%	45%	60%	70%	80%	97%
Organised	85%	81%	55%	40%	30%	20%	3%

Figure 2: Organised & Unorganised Retail

India is the second largest consumer market in the world with 12 million outlets but the retail sector in India is still not considered as an organised Industry (Figure 2). The local kirana stores and vegetables vendors contribute much in the retail sales, but they are all considered as unorganised. The share of unorganised retailer in total retail sales during the year 2003-07 is shown in Table 1, which shows the decrease in share of unorganised retailer i.e. 96.7 to 95.9.

Table 1: Organised/ Unorganised Retailing

Share of Unorganised Retailers in Total Retail Sales(2003 - 07) (Sales in Rs. bn)				
Year	03-04	04-05	05-06	06-07
Total Retail Sales	10591	11308	12023	14574
Total Sales by Unorganised Retailer	10239	10893	11544	13976
Share of Unorganised Retailer (%)	96.7	96.3	96.0	95.9

Source : Planet Retail and Technopak Advisors Pvt. Ltd.

The decline in share of unorganised retailer percentage is due to, dealing in clothing and footwear, furniture, appliances and beverages were among the most affected. (R.Harish (2009)).

Literature Review

The inflation or the economic slowdown is adversely affecting the retail industry. With the suddenly disturbed economic status, consumers are gradually losing interest on buying. And for those interested, the unbalanced income, followed by the economic slowdown is not meeting their buying requirements. This evolution soon disappointed the hopes of retail industry. Anyhow, it's all a short-term crisis for the retail industry until the things turn around.

India Inc has taken a cautious and prudent approach to the downturn, but the outlook is not completely negative for the current fiscal, says Cartesian Consulting's Economic Meltdown Survey, November 2008 report, that covers sectorwise analysis of the impact of global economic meltdown on retail, FMCG, entertainment and media, consumer durables, healthcare and some other service sectors. The Survey conducted by Mala Raj (2009) amongst 146 middle/senior business professionals across all sectors, found that across all the sectors taken into consideration, business ran on course albeit with tightened administrative policies. This was with reference to targets for the current financial year. Airlines and auto are the most severely affected sectors, while banking/financial services shows moderate impact and consultancy/insurance shows low impact. *The survey further found that the strategy being followed across industries included rationalisation of marketing and communication budgets, a freeze on manpower hiring and deferring of capital expenditure.* Customer acquisition however continued to be a focus area for most sectors. While mass media or ATL (above the line) spending is beginning to show a decline, spends on direct marketing, BTL (below the line) and online are expected to remain more or less the same for the coming months when compared to the corresponding period of the previous year. Industry experts believe that direct one-to-one communication with the end customer is of prime importance in these months of uncertainty.

In the FMCG segment, confidence levels were higher; no scaling down of operations was found and business targets remained the same. To tackle the situation of market meltdown, the industry has undertaken multiple measures — 100 per cent respondents of the sector stated that they had rationalised the marketing budgets; 50 per cent indicated deferred capital expenditure but said freeze on hiring was not a key strategy being followed. With respect to marketing and communication spends, mass media spends remained same in 82 per cent of the cases, online or web spends also remained the same in 87.5 per cent of the cases. The strategy being followed to tackle this meltdown were 100 per cent rationalising of marketing budgets, significant deferred capital expenditure for non-grocery retail and consolidation of operations. While the focus was entirely on customer retention for grocery retail, there was a balance between acquisition and retention for non-grocery retail segments. In terms of marketing spends, BTL had increased for grocery retail while it dropped down for other retail. Significant importance is placed on one-to-one communication with end customers across all.

Shoppers are losing their wallet worried by job loses, singing stock markets and prospects of a prolonged recession. There should be a major contraction in consumer spending that will be aggravated by banks being overcautious in lending, would tighten their rules of the credit card limits and its issuance, resulting in less money being made available for spending. This may lead to sales slide down steadily in the current year that will put pressure on profits and in many cases undermined the capacity of retailers to pay debts that may result in the weak retailers going bust. Mr. Siddhartha Shanker (2009), economist & Financial Expert views that deep discounts will come in to play in the current year and will make consumers spending on item that are in deep discounts. He further states that the consumer will not be spending time in the stores, if they are not finding good deals. Main goal of retailers should be to make down the merchandise, lower profit margins and work through the inventory buildup. He recommend retailers, that price slashing needs to be done carefully by companies and must be done so that the consumer get the feeling that they are paying he true value of product being brought.

Retail in India – An Analysis

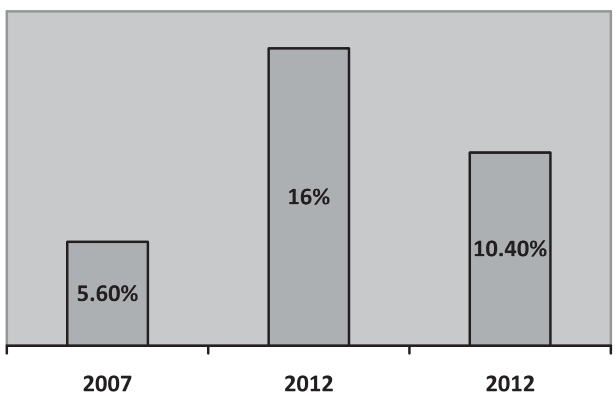
The Indian retail industry is considered as one of the sunrise sector in the economy. Retailing is the largest private sector in India that can generate huge employment opportunity and can lead to job oriented economic growth. Retailing forms a backbone of a nation's delivering system as it is the last mile infrastructure to access and delivery of goods to final consumers. Till now, retail in India has been achieved primarily due to rising consumerism initiate in the Public Sector and other factors like rise in consumer income, liberalization of Indian economy, shift in consumer demands, IT revolution and better accessibility and lower prices. The situation deteriorated by economic slowdown. Just a year ago, the retail industry was a next big hope for an India's economy. Stores were opening everywhere with sprawling malls and tiny boutiques holding glitzy launch parties across the country. The retail sales growth sharply fell to 11 per cent in December 2008 from 34 per cent in the like period of 2007 (Study by Global Consultancy - KPMG).

Even with the weight of America's mighty Wal-Mart Stores behind it, Bharti Enterprises is scaling back. Its Bharti Retail chain, for which Wal-Mart provides logistical and distribution support, plans to close 5 of its 28 easy day supermarkets in northern India.

"Retail is no child's play," Sunil Mittal, chairman of Bharti Enterprises, said on television in early March. Indeed in February a Wal-Mart –Bharti joint venture announced an extremely cautious plan to roll out just 10-15 of the best price modern wholesale banners over the next seven years.

The slowdown is aggravating the already high unemployment in India – 7.8 % officially but an estimated 22% unofficially. The federation of Indian experts reckons the job losses could be as high as 10 million this year. The Retailer Association of India has slashed growth estimates. The sector which contributes 12 % to the country Gross Domestic Product, employs 24 million, but only 5,00,000 work in the "organized sector", according to Retail Consultancy Technopak Advisors. The job loses in Retail is approximately 15%. Shoppers Stop, an 18 years old department store chain has had a 15% drop in daily consumers, according to CEO- Govind Srikhande, prompting to company to close some of its airport shops and food outlets. Reliance retail, a subsidiary of 35 billion dollar petrochemical chain, Reliance Industry has staggered 940 stores across 16 formats including 640 Reliance Fresh outlets during the last 2 years. Now Reliance has restructured the operations and shut down around 20 fresh stores and lay off 13 % of its total employee. The Aditya Birla Group is revising its Dot More branded grocery store chains, which has, added 548 stores and 12,000 employees during Jan 2007. Varghese, CEO of the Groups' Retail Business has restructured cutting staff by 5 % and shut down 55 of the 715 stores to survive. He commented "A mad rush push stores to the ground" on the earlier strategy of Aditya Birla Retail venture. The Chennai Retail chain Subhiksha had expanded 10 fold to 1655 outlets in 4 years, the expansion was funded largely by debt. Because of some problem a large part of Subhiksha operations came to a halt in early Jan 2009, due to which 1200 stores were close down, Independent Directors resigned, and suppliers and employees were not paid their dues.

The good news is that the down turn has given retail companies a chance to whip their businesses into a shape, in preparation for better items. The downturn is producing some unexpected winners like 12 million neighborhood Kirana Stores, which are the backbone of Indian Retail. *These 52-250 sq. ft shops, with low overheads and personalized service are the survivors.* Unlike big retailers, that attracted customers with massive discounts, the kirana stores continue to sell at retail prices and offers short term credit to customers. Factors like store rationalization, working capital management, personalization, cost optimization are some of the key factors, for the retailers to review in the current context. A lot has changed in a matter of months, up until October last year , the retail industry was riding high, expanding at mad pace and making heavy investment plans. The Indian Council for Research on International Economic Relations (ICRIER) report 2008 estimated that organize retail would grow by 45-50% annually and constitute a 16 % slice of the total retail market by 2011-12, as against its current size of 4% (2006-07), but a sudden slowdown in the Indian Economy catapulted by the crash in the global economy, has thrown cold water on all estimates. *"We had assumed a GDP growth of 8-10 percent during 2007-12 in the report, which is now impossible at least for 2008-09 and 2009-10. Therefore organized retail can not grow at 45-50% as we had estimated in the report"*, says Mathew Joseph, Senior Consultant, ICRIER. A recent KPMG study has revised its estimated growth of organized retail to 10.4% versus the earlier estimated 16% by 2012 (figure 3).



Earlier Estimation/ Revised Estimation

Figure 3: Growth estimation (variation) of retail sector

Source: KPMG Analysis and Retailers Association of India

The Subhiksha decade is just the tip of the fast melting iceberg. It has led to the discovery of many more skeletons in the organized retail closet. Vishal Retail, one of the fastest growing retail chains with

181 outlets across India, has defaulted on its loan payment. It is also struggling with a debt of about Rs 750 crore (although it is in much better shape than Subhiksha). Even with the closure of some of its unprofitable stores and a renegotiation of rental contracts, Vishal still could not cough up enough money to pay its interest. "We have financial issue, but we are talking with our lenders to extend the repayment period and defer the interest payment as well. We are exploring several instruments for repayment of loan," says V. Ambeek Khemka. Group President, Vishal retail.

Shoppers' Stop, one of the oldest organized retail players owned by the Raheja Group, also admits that it has flirted a little more than it should have. Known amongst the industry to be a cautious player, Shoppers' Stop, too, has had to take some harsh decisions. It has abandoned its catalogue venture, hyper city Argos, after experimenting with it for 12 months and shut down its 'Stop and Go' stores at the Airport, along with two Crossword stores, citing underperformance as the reason. The company has also had to renounce the additional office it had leased in Mumbai in anticipation of future growth. "We sensed an overspend in retail in July, 2008, so we vacated the office and undid what we had done." Says B. S. Nagesh, CEO, Shoppers' Stop.

Juggernaut Reliance Retail, which currently operates 940 stores in the country, is also harnessing all its energies on trying to turn around 38 Reliance Fresh Stores, which are not generating sufficient returns. The management is in the process of converting these stores into other formats from the Reliance stable. Such as Reliance Footprints (for foot ware), Reliance Trends (for apparel), etc. However a company spokesperson admits that of the 38 stores, 10 will probably shut down.

Consumers have started trickling back to malls and department stores as the economy is stabilizing, say many large retailers, who expect sales to further improve in the months ahead. This sentiment is spread across segments, from value retailers such as Vishal Retail to specialized chains such as The Mobile Store, which sells cell phones and accessories and is part of the conglomerate Essar Group, to Reliance Retail, part of the Reliance-Anil Dhirubhai Ambani Group.

Pantaloon Retail (India) Ltd, the country's largest retailer by revenue, witnessed around 8% growth in same store sales for the month of May compared with the same period last year. Vishal Retail, which shut two apparel manufacturing units and two stores during the downturn, is now seeing sales picking up again. Chief executive officer (CEO) Ambeek Khemka said, *"Sales are picking up gradually and the company has seen a surge of around 20% overall sales in the last three months."* A Reliance Retail official, who did not want to be identified because of company policy, said, *"From April, definitely, the consumer sentiment is positive and we have witnessed an increase in sales by around 15% in the last two months and June is looking better than May."* Rajeev Agarwal, CEO of The Mobile Store, said, *"In the last three months the sales of the company have increased by around 20% which definitely indicates a positive sentiment*." The upturn comes at a time when economists around the world have been speaking of so-called "green shoots" of recovery after an unprecedented global slowdown sharply cutting consumer spending.

Falling stock indices, declining housing prices, rising inflation and the global economic crisis had led to Indian consumer confidence declining by 26.5 points between January 2008 and March 2009, according to a May report titled Winning Indian Consumers In The downturn from the Boston Consulting Group. Analysts, too, feel the worst is over for retailers and the sector, whose market size has been estimated at about $25 billion (Rs1.2 trillion), is likely to witness slow and steady growth.

During the period, most retailers, like Spencer Retail Ltd, Aditya Birla Retail Ltd, Future Group, Reliance Retail Ltd and The Mobile Store, went slow on expansion, closed stores that were no longer viable, and regularly pitched promotional offers and deep discounts to counter the decline in discretionary spending.

In addition, some retailers laid off employees, renegotiated rental agreements signed in a healthier financial climate, and consolidated operations by merging teams, warehouses and back offices. The Mobile Store, for example, shut down at least 70 stores, while opening an equal number of new ones after November. Reliance Retail added 100 stores and shut down at least 20. However, some retailers such as Subhiksha, Mumbai-based Foodland Fresh, and India bull's Retail Service Ltd were the worst hit. While Foodland Fresh and India bulls Retail Services Ltd have only three and four stores operational, respectively. Subhiksha had to shut down operations due to lack of funding. However, things are looking better for the industry as a whole. Kishore Biyani, founder and CEO of Future Group, said, *"We are seeing positive sentiments in consumer behaviour due to the sense of security in terms of job and stable government. With asset prices increasing people have started to feel more secured. Moreover consumption in the country is not going to come down, rather will continue to grow."*

A New Delhi-based analyst with a domestic brokerage said in the last three months the consumer sentiment is gradually improving, and that almost all retailers are seeing a rise in sales across categories. *"Retailers may once again see a double digit growth in the next few months if the consumer sentiment continues to grow at the present level,"* he said. He declined to be identified because he is not allowed to speak to the media. *"Fear in the consumer mind has slowed down and with the economy reviving there is higher rate of job creation in the market,"* Raghav Sehgal, an analyst from Angel Broking Ltd said. The Reliance Retail executive quoted earlier said consumers had cut down on discretionary spends and lifestyle retailing was most impacted while value retailing did not witness much of an impact. Now there is an upswing even for lifestyle retailing which is a clear indication of positive sentiment, he said.

"With the market showing signs of revival, a stable government and India realizing their strength in consumption, the growth are back," said Kumar Rajagopalan, chief executive officer of the Retail Association of India, a lobbying group for the retail industry. *"This time the growth is more realistic and not hyper-growth like earlier as retailers have learnt from their mistakes during the economic slowdown."*

He added that the funding crunch that hit retailers after the global financial system froze after the September collapse of US investment bank Lehman Brothers Holdings Inc. has eased now.

Retail - The Changing Scenario: The process of retail development revolve around the importance of competitive pressure, the investments in organization capabilities and the creation of a sustainable competitive advantage. This requires the implementation of strategic planning by retail organization in the present scenario. The survival is a result of understanding market signals and responding to the opportunities that arise in a dynamic manner like the present economic slowdown.

Darwin's Theory of natural selection has been popularized by the phrase 'survival of the fittest'. Retail institutions are the economic entities and retailers confront an environment, which is made up of customer, competitors and changing technology. This environment can alter the profitability of a single retail store as well as of clusters and centres. The environment that a retailer compete in is sufficient robust to squash any retail form that does not adjust. Thus, the birth, success or decline of different forms of retail enterprise is many times, attributed to the business environment. Those retailers that successfully adapt technological, economic, demographic and legal changes are the ones that are most likely to grow and prosper.

A strategy in the commercial parlance would mean the plan or the method by which an organization wishes to achieve its objectives. Thus, a retail strategy can be defined as "a clear and definite plan that the retailer outlines to tap the market and build a long term relationship with the consumers." A retail strategy is fundamental to the existence of the retail organization. It helps define the organization, its purpose and how the retailer will face various challenges in the environment and marketplace.

Let us review the critical factors of revolving around retail environment.

Product: In our experience, most retailers have a lot of customers who could be spending more money at their stores than they are. The challenge is to entice them to do so. This is both easier and harder than it would seem. It's easy because all you need to do is give them what they want. But it's hard because what they want is not more of want you're currently providing. And to fill the gap between what they are looking for and what you're offering, you must forsake the incremental "last year, plus-or-minus" optimization approach that may have served you well in headier times. Such "needs-offer gaps" can take any number of different forms. They can reside not only in the makeup of your product mix but also in your service levels, in-store environments, or the brand positioning itself.

The trend away from conspicuous consumption toward "virtuous" consumption means people are becoming more selective about their purchases, seeking more value in terms of higher quality, larger quantities, environmental friendliness and even commendable social practices. Old assortments may under perform and some products may need to leave the portfolio. In this environment, it pays to monitor the changing preferences of ones customer base and adjust both core and luxury offerings accordingly.

Cost of goods sold (COGS) should also be on ones radar. Currency fluctuations, commodity pricing, transportation costs and economies of scale all affect COGS. One should take every opportunity, therefore, to lower these costs or switch products in areas where these costs are rising. Also, monitor manufacturers' responses to this new environment. The recession is affecting all industries, and manufacturers will be watching how they spend their trade funds and how they deal with terms of sale. They may also rationalize their portfolios to drive out inefficiencies, which could affect a retailer's assortment. If one has been putting off forging closer relationships with his/her vendor network and understanding product profitability, now is the time to do it.

Finally, if not already doing so, consider private-label brands. There are many quality store brands, and they are also competitively priced. These can have a significant impact on profitability in a category, while still allowing core brands to retain their prominent positions and share. And as vendors face excess capacity, costs of private-label or store-brand products become more attractive.

Price: Good costs are-those which are essential to producing what the customer value and are willing to pay for. Conversely Bad costs are those that add nothing to what customers are ultimately willing to pay for. Certainly the retailers that do the best job of going after their bad costs while preserving their good costs will have the best chance of both protecting their sales and margins in a downturn and building for the future(Favaro Ken, Romberger Tim & Meer David, 2009). But our experience suggests that most retailers don't have the tools to do this effectively. Like most companies, retailers tend to manage their costs on either a line-item or an activity basis, a practice widely known as "activity based costing". Unfortunately tracking costs in those ways does little to establish two critical links; the link between cost and each aspect of the offer- the product range , store ambience, service levels, and so on- and the link between each aspect of the offer and the customer benefit it produces(which, after all, is what customers are willing to pay). Viewing expenditures in this way is what we call "customer benefit costing". Without this tool, retailers struggle to work out which –or how much changes in particular costs affect revenue. This prevents them from knowing how to protect margins in ways that won't also weaken the top line.

It is not unusual to pass by stores and see 50 to 70 per cent off last-ticket-price signs in the window. While slashing prices is a valid response to an economic downturn, it can be dangerous if not selective.

The key is to avoid blanket discounting across a wide swath of merchandise. Bring in traffic by offering selective low-priced options and promoting low-priced merchandise. While entry points must be competitive, the remainder of the portfolio should have a planned assortment with price points that cover the spectrum of interests for the customer. Comparing what consumers tend to buy with what is currently offered may reveal over positioning in high- or low-priced products.

As always, recession or not, beware of deep discounting that sparks a fundamental shift in consumer behaviour—shoppers may refuse to pay full price long after the downturn has ended. A strong brand represents more than low prices. If you can maintain brand value through the recession, you will be in a better position afterwards to retain loyal customers and draw in new shoppers, even as you begin to raise prices.

Place: The specialty retailer we cited earlier clustered according to a combination of three factors: the nature of local competition, mall location and density of local population. Bigger multicategory retailers may find it best to cluster their stores in different ways for individual categories or departments. Then such a retailer could more easily see the various dynamics underpinning demand in different stores. Income level might determine how to cluster stores in a certain category, for instance, but ethnic makeup might be more important in another category.

One large general merchandise retailer groups its stores into a dozen clusters, ranging from as few as 50 to as many as hundreds of stores. These retailers discovered that differences in five quantifiable factors explained most of the differences in local customer needs among its stores (and therefore the factors that motivated switchers); ethnicity; location (urban, suburban or rural); family composition (young single professionals, couples with kids, empty nesters, retires, and so on); income; and level of competitive intensity. Each store cluster represented a unique combination of these factors. In fact, the retailer had tested as many as 50 potential factors before landing on those five as the ones that best explained the locally distinctive shopper population in terms of customer needs and behaviour for each of its stores.

Every store has a life cycle—from opening, through rapid growth, steady-state, slow-growth, and eventual decline or even closing. The length of the life cycle can be extended; either because of a great location or a remodelling that brings new life to an old format. Continually evaluating the four-wall profitability of your stores will ensure the right actions are taken at the right time. Why sign a new lease for a store in the declining phase unless you have a clear plan to restore its profitability?

The formula for evaluating store profitability, design and site location will change from recession to post recession, as new real estate opportunities materialize. *The possibilities for renegotiating rent terms are better now than they have been in some time.* When evaluating and designing a new store footprint, be sure to consider future demographics and consumer behaviour. The trend toward reurbanization may see retailers away from the suburban shopping mall; however, the high costs of urban locations will require more thoughtful design.

Remember, too, that the manufacturing and distribution partners are also suffering. Transportation rates are sliding downward due to lower demand, while reduced capacity has failed to match the pace of decline. A recession is a good time to secure lower rates and reduce the total landed cost of goods, and to take a closer look at internal supply-chain operations. When the store footprint changes (due to closures or openings), a revaluation of the distribution centre network is in order. Within the four walls of the distribution centre, there are surely ways to cut costs, improve order accuracy and boost responsiveness, which will reduce stock-outs on the store shelf. There should be opportunities to open new distribution points, close existing ones or consider an outsourced distribution centre model.

Smart merchandising requires stocking shelves effectively, informing the customer about products and price with well-placed signage, and maintaining a look and feel in the store that is consistent with the brand image. These are as follows:

Stocking shelves effectively means that inventory and merchandise planners order the right product levels and provide planograms and placement information that can be executed at the store level. Do not allow store associates to plan the shelf. Left to their own devices, they may over- or under stock shelf space. Add to this the often-conflicting directions coming from centrally created marketing plans, regional merchandising guidelines, local promotions and store managers, and it should be no surprise that retailers are not executing their merchandising plans as expected.

Well-placed signage should convey the desired message. Price tags should be legible and accurately reflect discounts, markdowns and promotions. If flyers or other external advertising are used, promoted products should be easy to find, and the in-store pricing should be consistent with the promotion. All too often, customers go to a store in response to an advertised promotion, only to leave empty-handed because they couldn't find the product. The result is an expensive promotion that turned a sale into a lost customer.

Promotions: The success of any promotion does not dependent on blindly following traditional promotional strategy. The requirement of the day is to attract customers of competitors, switchers and retaining existing customers and make them to spend more. The promotional schemes which catered to these can be a competitive strategy of retail store. To attract switchers and competitors customers, we can benchmark our promotions against competitors.

Also, retailer should know the return on marketing investment (ROMI) for every promotion. Obtaining a higher ROMI is a function of several factors: Increasing revenues and margins from both the target promotional item and from more traffic raises the overall basket size. A less obvious but equally important aspect of promotions is to maximize your marketing investment by using lower-cost marketing channels and negotiating better rates for distributing the message—whether by direct mail, radio and television advertising, the Internet, or text messaging.

E-Tailing: The e-commerce option caters to customers in the current economy because it offers products at lower costs. "E-biz reduces the logistics cost as the goods go directly to the end consumer. Any business model that removes layers and brings the consumer nearer to the manufacturer benefits all," agrees Mr Bose. In lieu of the ongoing recession, retailers have started exploring innovative ways to cut costs. Many e-tailers are outsourcing their retail operations to specialised retail vendors for reducing labour costs. One of the affected areas during this slowdown is advertising, and very few retailers seek to manage advertising costs. Retailers should ideally adopt online advertising tools like e-mailers, newsletters, etc. "Retailers can send e-mailers, promotions, gift coupons to their existing customers at a very low cost, and still enjoy sales benefits," admits Mr Gadia. Consumers today are more open to the online medium. This trend is further catalysed by various product and price comparison websites that enable users to perform research on products that they intend to purchase. Moreover, increasing fuel costs, large mall crowds and low disposable incomes are motivating buyers to shop online.

Conclusion

The study identified the various factors involved in the success and failure of retailers in the present economic downtrend. Based on the factors, the development of retail strategic intent applicable to Indian Retail Sector has been identified after, benchmarking with western country's 'survival of fittest' in the various downtrend of past & present. The present study has intended the retail mix of 'survival of fittest'. The study can be further enhanced by primary data study.

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