Introduction

Specialized Logistics services for Retail Industry, or ‘Retail Logistics’ as popularly referred to, is the integrated management of the range of activities required to keep retail outlets adequately replenished with supplies. It is a field in which India is slowly gaining strong international reputation, partly as a result of the successful exploitation of new technology over the past twenty years. This study aims at reviewing the recent development of retail logistics to identify the evolved series of market trends and technological advances which are likely to affect it over the next 10-15 years. The logistical situation in India is compared with that in other developed countries and an assessment made of the opportunities to ‘exploit’ its technical and managerial expertise in this area. In recognition of the broadening scope of retail logistics, the study would include an in-depth study of the current unorganized market condition in India and its comparison vis-à-vis the current international Retail market trends and the scope of growth and development of the Indian Retail Industry. This study would also provide an inside view of the various techniques implemented by the international players to improvise the overall retail sector operations and how the implementation of these techniques could be made possible for the Indian market conditions.

Consider this: ‘Global retail giant Wal Mart announces its entry into India through a joint venture with Bharti. Reliance puts on its drawing board a mega plan of Rs 25,000-crore to create 100 million sq ft of retail space. The Aditya Birla group makes a retail foray with plans to invest Rs 15,000 crore. The Tatas plan to participate in the retail race with renewed vigour. Pantaloon plans to create a retail space of 30 million sq ft by 2009-10. Shoppers Stop may have 6 million sq ft of
retail space by the same time. Global retailers from the US, European Union and Australia are all eyeing the retail revolution in India’.

The Mukesh Ambani-owned Reliance Logistics is looking at expanding its scope of operations within the group, especially for Reliance Retail. Currently, the 15-year-old logistics company serves certain categories such as groceries and consumer goods only, but would now like to take on more volumes from the retail business. Reliance Retail is looking at increasing its business outside the group, especially in the area of secondary transportation (from the warehouse to the distributor). “We are already doing secondary transportation for companies such as Pepsi and ITC and would also like to do more warehousing distribution for non-Reliance clients,” stated the official.

Diesl (Drive India Enterprise Solutions Ltd) already caters to companies which wish to outsource their logistic services. While it caters to Tata group companies such as Croma and Voltas, it also services companies such as Colgate and Castrol. “Currently, the non-Tata Group companies contribute 40 per cent of the business. We would like to have equal revenues generated from both the Tata and non-Tata Group companies in the future,” stated a manager from Diesl.

Mr R. Srinivasan, Head, Supply Chain Solutions (New Business), Future Logistics, said, “We are looking at becoming third-party logistics providers and believe in serving non-retail clients well. In the next three years, we expect 50 per cent of our business to come from external consumers outside the Future group. We are also open to servicing smaller retail chains which are in the same line of business as our retail formats,” added Mr Srinivasan. Having been spun off as a separate company, Future Logistics is now geared to get new business outside the group.
The ultimate aim of the Retail giants is to fulfill customers’ needs by providing them goods and services of their choice and most importantly, ‘within their reach of convenience’. Hence the retailers mostly concentrate on understanding the customers’ needs and stress more on the location of their establishment.

But their most crucial task is to meet the above two aspects i.e. to make available the right choice of merchandise at the preferred location of the customer. Hence ‘Logistics & Supply chain’ plays a very pivotal role. Logistics for retail management is a continuous process and involves efficient time management over and above the operational balance which needs to be maintained from the source point till the end consumer.
Utility of the study of this research

Thus, with the prediction of a major Retail boom, India’s big business houses are already streamlining their supply chain operations as they see a wave of change just across the horizon. Eventually this requirement will be for any and every Retail operator in the country and with the advent of 100% FDI in Multi brand retail, the need for Specialized Supply Chain service providers and 3rd Party Logistics Services cannot be ignored.

Limitation of the Study

The research is focused for Indian retail industry. 3rd Party Logistics / 4th Party Logistics service providers, kirana stores, retail giants will be targeted for the study.

Though this study involves a background of the Retail industry, it will not try to study the retail format, but would necessarily concentrate on logistics arm of the retail industry.

Scope

The scope will be mainly retail giants, but the study will try to include a few examples for gainful study from the small retail formats that dominate the Indian Retail industry, as of today.

Although the main focus will remain on the Indian industry, International Retail Industries would be studied for knowledge and strategy adoption by Indian companies. Besides, the FDI in retail structure would force a thorough study of their international modus operandi.