

Out of woods

The health of retail sector is a clear reflection of the general state of the economy of a nation. The much needed surge in the Indian retail segment shows that the nation has managed to unshackle herself from the tentacles of recession

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Appalable improvement in the economic conditions coupled with low inflation has initiated the much needed surge in the retail sector. This is evident from the fact that compared with the two previous quarters, the sales in the stores are showing positive signals. This trend is likely to continue due to forthcoming festive season which is sure to boost revenue growth for lifestyle retailers. Thus, whether it is fashion, gadgets, apparel or entertainment, consumers are showing renewed enthusiasm with enhanced buying capacity. According to experts, the emerging trend is clear indication that India is gradually coming out of the global recession. According to Rajesh Shukla of National Council of Applied Economic Research (NCAER), "People have realised that the risks which were originally perceived due to the slowdown have not impacted India to that extent. As a result, consumers who'd been saving for the bad times have started to splurge. This will further gain momentum as the festival season approaches." Agrees Kumar Rajagopalan, CEO of Retailers Association of India. According to him the items of discretionary spends which had witnessed a 15-20% fall in previous months, are once again on the growth track. This growth is happening across the sectors ranging from cosmetics, jewellery, footwear, perfumes, soft furnishings, etc. Adds Mridul Mishra, marketing and communications head at Spice World, "The markets finally seem to be coming out of recession and this is definitely a positive trend. The economic revival is definitely on its course." Similarly Shivika Agarwal, owner, Sshivi's Elan, designer footwear, opines, "The market mood is now once again upbeat and consumers are definitely returning to get hold of fashion accessories including footwear."

The real test of resurging retail sector can be honestly gauged from the sales graph of mobile phones for it speaks of mass consumption in the real sense of the term. And, there is positive news in this area too. Mobile phone manufacturers like Nokia and Samsung were the first to get signs of a positive windfall at a time when the market marginally contracted in the January-June period. Currently the environment is conducive not only for consumers but also for retailers who are seeking new avenues to market their consumables. This probably is the best opportunity when mall developers are looking at retailers as partners to give them revenue share options. There have been heavy investments in technology, telecom, infrastructure, supply chain and logistics to support retail and our Indian consumers are continuing to consume at a higher rate of growth than any other country in the world. With the new government in place and the positive steps that they are taking, we will see an uplift in consumption of all products and services.

