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Survival Strategies of Unorganised Retailers (Kirana Stores / Mom And Pop Stores) in Coimbatore city

MANAGEMENT

KEYWORDS : Unorganised Retailers, Survival Strategies, Factors to visit outlet and Challenges faced.

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ABSTRACT

This article has focused on the strategies that are being followed by unorganised retailers in Coimbatore City to survive against the unstoppable and speedy growth of organised retailing sector. This article explores the reasons for customers to choose an unorganised retail outlet for their day to day purchases. This article also tries to find out the various challenges faced by unorganised retailers in the midst of growing organised Hypermarkets and Malls.

Introduction

Indian Retail Industry is highly fragmented and unorganised. This industry is divided into two sectors. They are: Organised Sector and Unorganised Sector. Organised Sector is growing slowly in India and its share is only 4 per cent, whereas the Unorganised Sector is dominating the industry with a massive share of 96 per cent. The Unorganised Sector is also called as "Traditional Retailing". The modern organised retailing is considered to be efficient and apt to cater the changing consumers' demands in growing economies like India.

Unorganised Retail Sector consists of hand cart, payment vendors, kirana or mom-and-pop shops, mobile vendors, local grocery shop, owner manned general stores, paan shops, beedi shops, convenience stores and hardware shops. In India, next to agriculture, Unorganised Retail Sector provides employment to 4 Crores of individuals directly. Unorganised retail market is estimated to Rs. 4, 00, 000 Crores, whereas Organised Retail's share is only Rs.20, 000 Crores.

Organised Retailing is growing and expanding in a very slow pace. Due to the vast potentiality, it is growing everyday in different formats. Unorganised retail sector has been facing a stiff competition from the organised sector. To manage this competition, the unorganised sector retailers like kirana stores or mom-and-pop shops have been following many survival strategies. This paper explores those strategies.

Review of Literature

Gupta Himanshu, Dubey Neetu and Patni Pawan (2012) found out that the modern organised retail outlets have taken the idea of retailing from the old outlets. Their survey concludes that the India's organised and unorganised retail sectors can co-exist and flourish. The modern retail outlets try to cater all the needs of modern consumers under one- roof, whereas the traditional outlets try to convert the consumers into their loyalists. Prakash Nedungadi (2012) writes that the successful kirana stores have great neighbourhood locations and unbeatable access. These stores have the ability to give what every customer wants. They provide personal service with flexibility. Vishal Kale (2012) writes that the threat to kirana stores in India does not exist. Due to the organised retail phenomenon, there is only 1.7 per cent of kirana stores were closed. Proximity is the powerful advantage to these kirana stores. Priya Vij (2013) expressed that the unorganised retailers have been adversely affected by the growth of organised retailers in terms of their volume of business and profit. The major factors that attract the customers towards unorganised retailers are proximity, goodwill, credit sales, bargaining, loose products, convenient timing and home delivery. This study finds that the unorganised retail sector has been a significant source of employment.

Theoretical Background

The word 'Retailer' had been derived from the French word 'Retailer' which means 'to-cut again'. Obviously, retailing means to cut in small portions from large lumps of goods. A retailer is the last middleman in the chain of distribution of goods to consumers. He is a link between the wholesalers and the consumers. The American Marketing Association defines retailing as "the activities involved in selling directly to the ultimate consumer for personal and non-business use. It embraces direct-to-customer sales activities of the producer, whether through his own stores or by house-to-house canvassing or by mail-order business. The retailer is an intermediary in the marketing channels and is a specialist who maintains contact with the consumer and the producer and is an important connecting link in the mechanism of marketing.

Retailing industry is divided into two sectors. One is organised retailing and the other one is unorganised retailing. The share of organised retailing is 4 per cent whereas unorganised retailing is dominating the industry with a share of 96 per cent. When compared with unorganised retailing, organised retailing is growing in an amazing speed. Against the massive growth of organised sector, unorganised retailers are fighting to survive. This article focuses on the various survival strategies adopted by the unorganised retailers in Coimbatore City.

Statement of the Problem

Indian retail industry is dominated by unorganised retailers. There is a vast potentiality untapped in the organised retail sector. In the midst of massive growth of organised retailing, the small unorganised retailers are forced to survive against organised giants and chains. For the survival, these small stores adopt various strategies and face many challenges.

Objectives of the study

To know the survival strategies adopted by Unorganised Retailers (Kirana Stores / Mom and Pop Stores) against fast growing Organised Retailers in Coimbatore City

To understand why customers prefer unorganised retail outlets for their buying needs.

To analyse the challenges that are being faced by Unorganised Retailers in present days.

Need for the Study

Since organised retailing is growing very fast, the unorganised retailers should retain their customers with them for which they have to follow many strategies. Attitude of modern retail consumers is changing every day. That makes the store loyalty or brand loyalty is a myth. It is very important for an unorganised retailer to understand why customers shift their focus towards organised retail outlets. It is also necessary to know what are the challenges to be faced by the present unorganised retailers to survive in the market.

Research Methodology

The nature of the study is descriptive. The unorganised retailers in Coimbatore City are chosen for this study. Convenience sampling technique is adopted to select the samples and size of the sample is 101 respondents. A structured Questionnaire was designed and with the help of the Questionnaire, Primary data were collected from the respondents. Simple percentage and Friedman's test were used as statistical tools to analyse the data.

Results and Discussion

Table 1: Demographic Factors

Variables	Particulars	Frequency	Percentage
Age	Below 30	8	7.9
	31-35	11	10.9
	36-40	19	18.8
	41-45	28	27.7
	46 and above	35	34.7
Location	Urban	56	55.4
	Semi-Urban	45	44.6
Education	Below 10th	24	23.8
	12th	32	31.7
	UG	28	27.7
	PG	11	10.9
	Diploma	6	5.9
Browsing	Yes	32	31.7
	No	69	68.3

Variable	Particulars	Mean Rank	Rank
Customers' Income Group (**Friedman's Test**)	High	2.32	3
	Middle	1.66	1
	Low	2.02	2

From the table 1, it is found that 34.7 per cent of the unorganised retailers belong to the age group of 46 and above. Retailers have age between 41 to 45 holds second which is 27.7 per cent.

For this study, unorganised retailers those who have their outlets in the urban and semi-urban areas were considered as respondents. It is found that 55.4 per cent of the retailers have their outlets in the urban areas and the remaining 44.6 per cent have their outlets in the semi-urban areas.

It is inferred that 31.7 per cent of the retailers have education of 12th standard and 27.7 per cent have under graduation. Retailers have below 10th standard education has a per cent of 23.8.

Internet plays a major role in the up gradation of retail industry and it becomes a part of customers' life to know more about products and promotions. It is found that most of the unorganised retailers do not know how to browse and they hold the per cent of 68.3 and the remaining 31.7 per cent know browsing.

Most of the customers who visited the unorganised retailers belonged to Middle Income Group. Low Income Group customers ranked second and High Income Group customers came in third place which was a last one. From this, it is evident that the unorganised retailers mostly depended on middle and low income group customers for their business.

Table 2: Business Related Information

Variables	Particulars	Frequency	Percentage
Investments	5 and Below	47	46.5
	6-10	37	36.6
	11-15	10	9.9
	16-20	5	5.0
	21 and Above	2	2.0
Nature of Outlets	Own	52	51.5
	Rented	30	29.7
	Leased	19	18.8
Sizes of the Store (sq.ft)	150	16	15.8
	200	22	21.8
	250	39	38.6
	300 Above	24	23.8
Year of business started	Before 1990	7	6.9
	1991-1995	21	20.8
	1996-2000	40	39.6
	2001-2005	19	18.8
	2006 and After	14	13.9
Turnover (in Lakhs)	Rs.1,00,000 and Below	57	56.4
	Rs.1,00,001-1,50,000	5	5.0
	Rs.1,50,001-2,00,000	26	25.7
	Rs.2,00,001 and Above	13	12.9
Family Business	Yes	87	86.1
	No	14	13.9
Number of Years in Business	5 and Below	10	9.9
	6-10	13	12.9
	11-15	37	36.6
	16-20	30	29.7
	21 and Above	11	10.9
Generation	First Generation	14	13.9
	Not First Generation	87	86.1
Nature of Business	Sole Proprietor	80	79.2
	Partnership	21	20.8
No of Employees working	One	14	13.9
	Two	44	43.6
	More than Two	43	42.6

From the table 2, it is found that 46.5 per cent of retailers have invested Rs.5 Lakhs and below as their investment and retailers those who invested between Rs.6 Lakhs and Rs.10 Lakhs have 36.6 per cent. It is inferred that 51.5 per cent of the retailers have their own outlets, whereas 29.7 per cent have rented shops and 18.8 per cent of retailers have leased outlets to do their business.

The size of the Store is measured in Square Feet. It is found that 38.6 per cent of the stores have 250 Sq. Ft and 23.8 per cent of the stores have 300 Sq. Ft and above as their store size.

From this table 2, it is understood that 39.6 per cent of the retailers have started their business between the year 1996 and 2000 and 20.8 per cent of the retailers have started their business between the year 1991 and 1995. It is also found that 56.4 per cent of the retailers have a turnover of Rs.1 Lakh and below. Retailers those who have a turnover between Rs.1,50,001 and Rs.2 Lakhs estimated to 25.7 per cent. Out of 101 retailers, 86.1 per cent own this as their family business and 13.9 per cent do not own this as their family business. It is estimated that 36.6 per cent of the retailers have been doing this business between 11 years and 15 years. Retailers have experience between 16 years and 20 years is estimated to 29.7 per cent.

From this table 2, it is evident that 86.1 per cent of the retailers are not first generation retailers and 13.9 per cent belong to first generation retailers. It is also observed that 79.2 per cent of the retailers do their business as sole proprietors and the remaining 20.8 per cent do this as a partnership business. It is found that 43.6 per cent of the retail outlets have two employees and 42.6 per cent have more than two.

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Table 3: Strategies adopted by Unorganised Retailers to attract customers

Variables	Particulars	Frequency	Percentage
Giving Discounts	Yes	34	33.7
	No	67	66.3
Register to note Requirements	Yes	41	40.6
	No	60	59.4
Have Display Boards	Yes	30	29.7
	No	71	70.3
Register to note Addresses	Yes	30	29.7
	No	71	70.3
Billing Machines	Yes	38	37.6
	No	63	62.4
Accepting Credit / Debit Cards	Yes	25	24.8
	No	76	75.2
Giving Credit	Yes	90	89.1
	No	11	10.9
Giving Home delivery	Yes	56	55.4
	No	45	44.6
Giving Suggestions	Yes	38	37.6
	No	63	62.4

By giving discounts retailers attract customers to their shops. But in the case of unorganised retailers 66.3 of them do not give discounts and only 33.7 per cent of the retailers do. Normally retailers will maintain a register to note the requirements of the customers, if they do not have the required products. Later they will buy those products and sell them to their customers. From this table, it is inferred that 59.4 per cent of the retailers do not maintain that kind of register and 40.6 per cent do maintain the same.

Retailers will have Display Boards to inform Discounts, Offers and Schemes to their customers to encourage sales. From this table, it is understood that 70.3 per cent of the retailers do not have those boards and only 29.7 per cent have them. Retailers those who wish to serve and fulfil the needs of their customers, they maintain register to note customers' addresses and phone numbers to communicate them immediately. From this table, it is found that 70.3 per cent of the retailers do not maintain this kind of register whereas only 29.7 per cent maintain the same.

Some of the unorganised retailers have electronic billing machine for convenience and accuracy. From this table, it is found that 62.4 per cent of the retailers do not have these kinds of billing machines whereas 37.6 per cent have them. The modern customers use credit and debit cards to pay their bills. Many retailers will accept these cards for payments. From this table, it is found that 75.2 per cent do not accept these cards whereas 24.8 do accept them.

The strength of the unorganised retailers is to extend credit facilities to their customers. By extending credit, they retain their customers for a long time. From this table, it is inferred that 89.1 per cent of the retailers do extend credit facilities to their customers whereas only 10.9 per cent do not extend credit facilities. Most of the unorganised retailers give home delivery to their customers. From this table, it is found that 55.4 per cent give home delivery whereas 44.6 per cent do not. Based on the economical background of the customers, retailers suggest products to their customers. From this table, it is found that 37.6 per cent of the retailers suggest the same whereas 62.4 per cent do not. As per this study, no unorganised Retailer is conducting Loyalty Programs.

Table 4: Reasons for Customers to Visit Unorganised Retailers (Friedman's Test)

Factors	Mean Rank	Rank	Test statistics
Location Proximity	4.11	3	Chi-Square : 340.861 Df : 11 Asymp. Sig. : .000
Convenience	3.34	1	
Discounts/ Offers	9.22	12	
Credit Facility	3.35	2	
Emergency Purchase	5.71	4	
Availability of Loose Goods	8.54	11	
Flexible Timing	6.63	6	
Personalised Service	7.11	7	
No Waiting Time	7.82	9	
Friendly Replacement / Flexibility	8.18	10	
Availability of Smaller Packets	7.52	8	
Goodwill	6.46	5	

Most of the customers preferred "Convenience" as the main reason for choosing unorganised retailers. Since most of the unorganised retailers extend credit facility to the customers, they preferred "credit facility" as a second reason for visiting those retailers. Organised retailers do not give credit facility to their customers. "Location Proximity" is the third reason for the customers to visit unorganised retailers. For urgent and emergency needs, customers visit the nearby unorganised retailers. So they ranked "Emergency Purchase" as a fourth reason to choose unorganised retailers.

Table 5: Challenges faced by Unorganised Retailers (Friedman's Test)

Factors	Mean Rank	Rank	Test statistics
Lack Of Inventory Management	5.58	7	Chi-Square : 340.861 Df : 11 Asymp. Sig. : .000
Lack of Standardisation	4.70	5	
Stiff Competition from Organised Retailers	2.92	2	
Lack of Knowledge, Skills and Training	4.78	6	
Customers Shifting to Organised Retailers	2.35	1	
Lack of Capital	3.38	3	
Lack of Infrastructure	4.29	4	

While analysing the challenges faced by unorganised retailers, "shifting of customers to organised retailers" is the main and important challenge for the unorganised retailers. Since the organised retailers give stiff competition to the unorganised retailers, that is treated as the second important challenge. Lack of capital is the third challenge faced by all unorganised retailers.

Table 6: Insecurity Feeling Among the Retailers

S.No	Feeling Insecure	Frequency	Percent
1	Yes	69	68.3
2	No	32	31.7
	Total	101	100.0

Massive and fast growth of Organised Retailing is a big threat to unorganised retailing. From this table, it is observed that 68.3 per cent of unorganised retailers expressed that they feel insecure when big retailers open stores in their locality. Whereas 31.7 per cent have expressed that they will not feel insecure in those situations.

Key Findings

• More than 62 per cent of the respondents belonged to the age group 41 years and above.

• More than 55 per cent of the shops were located in the urban areas.

• More than 31 per cent of the respondents have studied 12th standard and 23 per cent have studied below 10th standard.

• Most of the retailers ranked middle income group of customers as first and low income group as second.

• More than 68 per cent of the respondents do not know browsing and only 32 per cent know browsing.

• It is found that 46.5 per cent of retailers have invested Rs.5 Lakhs and below as their investment and retailers those who invested between Rs.6 Lakhs and Rs.10 Lakhs have 36.6 per cent.

• It is inferred that 51.5 per cent of the retailers have their own outlets, whereas 29.7 per cent have rented shops and 18.8 per cent of retailers have leased outlets.

• It is found that 38.6 per cent of the stores have 250 Sq. Ft and 23.8 per cent of the stores have 300 Sq. Ft and above as their store size.

• It is understood that 39.6 per cent of the retailers have started their business between the year 1996 and 2000 and 20.8 per cent of the retailers have started their business between the year 1991 and 1995.

• It is found that 56.4 per cent of the retailers have a turnover of Rs.1 Lakh and below. Retailers those who have a turnover between Rs.1, 50,001 and Rs.2 Lakhs estimated to 25.7 per cent.

• Out of 101 retailers, 86.1 per cent own their business as their family business and 13.9 per cent do not own it as their family business.

• It is estimated that 36.6 per cent of the retailers have been doing this business between 11 years and 15 years. Retailers have experience between 16 years and 20 years is estimated to 29.7 per cent.

• It is evident that 86.1 per cent of the retailers are not first generation retailers and 13.9 per cent belong to first generation retailers.

• It is observed that 79.2 per cent of the retailers do their business as sole proprietors and the remaining 20.8 per cent do this as a partnership business.

• It is found that 43.6 per cent of the retail outlets have two employees and 42.6 per cent have more than two.

• It is found that 66.3 per cent of the retailers do not give discounts and only 33.7 per cent give discounts to their customers.

• It is inferred that 59.4 per cent of the retailers do not maintain register to note the requirements of their customers and 40.6 do maintain the same.

• It is found that 70.3 per cent of the retailers do not maintain register to note the addresses and phone numbers of their customers whereas only 29.7 per cent maintain the same.

• As per this study, no Unorganised Retailer is conducting Loyalty Programs.

• It is found that 62.4 per cent of the retailers do not have electronic billing machines whereas 37.6 per cent have them.

• It is found that 75.2 per cent do not accept Credit or Debit cards, whereas 24.8 per cent do accept them.

• It is inferred that 89.1 per cent of the retailers do extend credit facilities to their customers whereas only 10.9 per cent do not extend credit facilities to their customers.

• It is found that 55.4 per cent give home delivery to their customers whereas 44.6 per cent do not.

• It is found that 37.6 per cent of the retailers suggest products to their customers based on their economical background, whereas 62.4 per cent do not.

• Most of the customers preferred "Convenience" as the main reason for choosing unorganised retailers. They preferred "credit facility" as a second reason for visiting those retailers. "Location Proximity" is the third reason for the customers to visit unorganised retailers. Customers ranked "Emergency Purchase" as a fourth reason to choose unorganised retailers.

• While analysing the challenges faced by unorganised retailers, "shifting of customers to Organised Retailers" is the main and important challenge for the unorganised retailers. They treated "Stiff competition given by organised retailers" as the second important challenge to the unorganised retailers. "Lack of capital" is the third challenge faced by all unorganised retailers.

• Massive and fast growth of Organised Retailing is a big threat to unorganised retailing. It is observed that 68.3 per cent of unorganised retailers expressed that they feel insecure when big retailers open stores in their locality. Whereas 31.7 per cent have expressed that they will not feel insecure in those situations.

Suggestions

Unorganised retailers can concentrate on bringing High Income Group customers to their shops.

In modern retailing, Computers and Internet play a major role. So unorganised retailers should learn to browse. This will help them to learn about the current retail world and its development. They can communicate with their customers easily and fastly.

Giving Discounts, Special Offers and Schemes to their customers will help the unorganised retailers to sustain their customers. These activities will attract more customers to their shops. They can conduct Loyalty Programs for their customers. That will give value addition to their customers.

Unorganised retailers should maintain separate register for recording the requirements of the customers. If they do not have any products, they can buy them and fulfil the needs of their customers. They should maintain a separate register to record the addresses and phone numbers of their customers. So they can communicate with their customers easily.

By giving the required products to the customers, they can fulfil and satisfy the needs of

their customers. This will give immense satisfaction to their customers.

The unorganised retailers should accept Credit and Debit Cards. So that the customers can make their payments easily. The retailers should have Electronic Billing Machine, so that the billing will be more accurate and fast. The retailers should have Display

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Boards to communicate their customers of the Discounts, Offers and Schemes.

Retailers can suggest suitable products to their customers as per their economical background. This will encourage the customers to visit to their outlets.

Extension of Credit facility and giving Home Delivery will win the goodwill of the customers.

Personalised Service will give value addition to the customers. Retailers can think and extend this service to every customer. This will help them to retain the customers for a long time.

The Unorganised retailers can think of retaining their customers by providing all the benefits that are being provided in the organised retail outlets.

The unorganised retailers should bring more capital into their business, which will give variety of goods, products and better choice to their consumers.

Conclusion

In India, unorganised retailing is dominating the Retail Industry. Its share is 96 per cent, whereas organised retailing has only 4 per cent share. When compared with unorganised retailing, organised retailing is growing with alarming speed. Organised retailing tries to retain their customers. They adopt customer relationship management for long term sustainability. But unorganised retailing is least concerned about neither retention of customers nor CRM. Though they are not concerned about the latest developments in the industry, they struggle to survive in the Industry. For their survival, they adopt many strategies. This article would through lights on their survival strategies. If the unorganised retailers work on these suggestions given in this article, they would helpful them to face the severe competition of the organised retailing.

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