

Commerce

KEYWORDS : Marketing strategies, Small traders, Factor analysis, Problems of small retailers.



Adopting Marketing Strategies of Small Traders - From Factor Analysis

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ABSTRACT

Small traders become very fragmented and the competition from the larger corporate retailers is fierce, they cannot compete against them without proper strategies. The study has been analyzing the problems and prospectus of small traders' on adopting marketing strategies, taking sample of 160 trader has been selected and used to Factor analysis technique for the analysis of their strategies to compete with organized traders. To finalize the results of factor analysis show that product strategies is the most important factor followed by price, distribution and promotion strategies.

INTRODUCTION

India is currently the ninth largest retail market in the world. The retail industry forms strong impetus to the overall economic development contributing 10% of India's gross domestic product. The Indian retail industry comprises both organized and unorganized retailers. The organized retail segment in India is growing at a faster pace, favorable demographics, rising income, changing lifestyles and consumer aspirations. Organized retailers such as future group, Trent, Indian Tobacco Corporation, Reliance and etc., with greater enforcement of taxation mechanisms and better labor law monitoring systems. They have an efficient supply chain management with superior vender relationships, quality customer service, efficient merchandizing and timely promotional campaigns. Unorganized retailers consist of small traders, local kirana shops, owner-manned general stores, chemists, footwear shops, apparel shops, paan and beedi shops, cart hawkers, pavement vendors they are prone to tax evasion and lack of labor law supervision. India is considered one of the largest unorganized retail markets in the world working in less than 500 square feet retail space. Though Indian retail is dominated by a large number of small traders, the last decade has witnessed the entry of a number of organized retailers opening stores in major cities.

PROBLEM STATEMENT

The attitude of customers is also gradually changing towards organized market segments mainly due to increased income levels, strong economy, changing life styles and shopping habits of customers. As the unorganized retailers are the small traders, having no capacity to face the competition offered by the high capacity organized retailers, the gap between the two is widening and forcing the former under financial crisis and threat to the existence. Hence, the unorganized retailers are finding new marketing strategies and other ways to overcome the threat from the organized retailers and to maintain greater sustainability and profitability.

OBJECTIVES

- To identify emerging marketing strategies adopted by small traders through factor analysis.
- To offer suitable suggestions for the improvement of their business by adopting marketing strategies.

METHODOLOGY

The study has been conducted at various retail outlets located at Ramanathapuram Town in Tamil Nadu state, a sample from convenience of non-probability of 160 small traders dealing with marketing strategies were interview schedule used. The primary data were used in two parts such as demographic factors and opinions of the traders on the basis of various strategies. It consists of 22 statements, each of which is measured on five point Likert's scale (With 1 being the not at all important and 5 being most important). The secondary data were collected from journals, magazines, text books and online sources. The primary data have been sorted, classified and tabulated in a format

and analyzed by using Factor analysis on adopting marketing strategies with the help of statistical package for social sciences (SPSS.14).

FACTOR ANALYSIS

Factor analysis was conducted to recognize major strategies adopted by Traders. The study explores the important strategies which traders consider to compete with large traders.

Table 1

Strategies adopted by Traders	
s.no	Variables
1	Added product line
2	Reduced price
3	Deleted product line
4	Discount offers
5	More varieties
6	No changes
7	Credit facility
8	More advertisement
9	Home delivery
10	Investment in technology
11	Convenient timings
12	Proximity
13	Neat and clean
14	Facility to disabled person
15	Festival gifts and offers
16	Parking facility
17	Atmosphere
18	Safe to customer luggage
19	After sales service
20	Refill packs
21	Attractive appearance of retail shop
22	New product design

In the present study Factor Analysis exhibits the rotated factor loading for the statements (Variables) of marketing strategies adopted by small traders. The KMO (Kaiser-Meyer-Olkin) measure of sampling adequacy is 0.586, which indicates the present data suitable for factor analysis. This is a goodness fit coefficient whose value varies between 0 and 1 and we take values over 0.5 to represent good factor analysis. Similarly, Bartlett's test of sphericity is significant (p<0.001); that explains existence of sufficient correlation between variables to proceed with the analysis (Table2). The Bartlett's test statistic is approximately distributed and it may be accepted when it is significant at p < 0.05.

Table 2
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.586
Bartlett's Test of Sphericity	Approx. Chi-Square	1.448E3
	Df	231
	Sig.	.000

The first eight components (strategies) in the initial solution have an Eigen values over 1 and them accounts for maximum observed variation in the respondents strategies for overcome problems and survival their business. The factors are rotated with Varimax with Kaiser Normalization rotation method (Table 3). Research used principal component analysis (PCA) method for factor extraction taking those factors only whose values are greater than 0.5 for the purpose of interpretation. After analyzing the total variance explained it can be found that 22 statements can be grouped under 8 factor groups of questions viz., pricing, product, technology, physical appearances, trust, distribution, promotion and service management.

Table 3
Rotated Component Matrix

S.no	Strategies	Component							
		1	2	3	4	5	6	7	8
1	NO CHANGES	-.804	-.092	-.122	.007	.049	.216	-.097	-.025
2	CREDIT FACILITY	.627	.331	.138	.107	.369	.127	.022	.219
3	ADVERTISEMENT	-.604	.482	.041	-.101	.248	-.132	.082	.231
4	AFTER SERVICE	-.583	-.057	-.134	.436	.050	.290	-.176	-.251
5	DELETE PRODUCT LINE	.541	.011	.009	.169	-.081	.493	-.176	.371
6	FACILITY DISABLE PERSON	.446	.063	.067	.287	-.023	.333	.425	.389
7	HOME DELIVERY	.137	.748	.252	.153	.137	-.167	.132	-.014
8	REFILL PACKS	-.012	.732	-.203	.236	.074	.153	-.045	-.011
9	MORE VARIETIES	.036	.053	.823	.029	-.156	.058	.001	.124
10	TECHNOLOGY	.007	-.020	.756	.064	.183	.029	.116	-.106
11	CONVENIENT TIMING	.290	.102	.702	-.092	-.094	.343	-.020	.112
12	APPEARANCE	.219	.235	-.013	.834	.020	.064	-.070	-.054
13	REDUCED PRICE	.066	.178	.296	.737	-.169	.202	.058	.264
14	NEW PRODUCT DESIGN	.295	-.033	.129	-.636	-.273	.214	.037	.080
15	ATMOSPHERE	.020	.013	.091	.126	.833	.028	.251	-.154
16	GIFTS	-.138	.190	-.179	-.075	.771	-.078	-.155	.034
17	NEAT AND CLEAN	.245	.479	.141	.070	.494	-.045	-.374	-.222
18	ADDED PRODUCT LINE	-.212	-.107	.200	.018	-.022	.794	-.170	-.032
19	SAFE TO CUSTOMER LUGGAGE	.071	.555	.193	.053	-.014	.627	.093	-.081
20	PROXIMITY	.005	-.036	.060	-.084	.000	-.121	.892	.128
21	PARKING FACILITY	.158	.228	.086	-.012	.091	-.097	.621	-.467
22	DISCOUNT	.153	-.010	.073	-.011	-.082	-.053	.051	.807

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization

Rotation converged in 14 interactions.

1. Pricing

Small traders endeavoring to their pricing strategy into their overall marketing strategy and, thus, formulate a cohesive marketing strategy. This might be attributed to the fact that most of the stores operating in that area. It is also interesting that, while they use some standard list prices, they are also negotiating their prices individually with some key customer.

2. Product

As most small traders would recognized the offering, which is presented to potential customers through the market, while accepting that the resources and reputation of a store may add

value to an offering, this does not alter the fact that customers choose between offerings. For many small traders the advice and assistance are core parts of the service and are in many cases indistinguishable from the products being offered.

3. Technology

Technology integration allows improvement in interpersonal interactions and enhances personal relationships, which is especially critical in high level sales services. Customers might not even think about the technology at all, because it becomes simply a routine part of their interpersonal interaction.

4. Physical Appearances

Tangibility performs an important role, particularly in goods sales stores, which have high tangible components. A certain degree of tangibility and intangibility exists in both service process and service output. Even in these industries involving more prominent tangible elements, intangibility cannot be completely ignored.

5. Trust

Trust most important strategies to use small stores also every customer need to trust while purchasing and it will be continuity so stores must create trust with customer for delivery right quantity at right price, quality of products if there is illiterate customer needs more trust.

6. Distribution

Customers would always like and expect the service delivery processes to be perfectly standardized, streamlined, and simplified so that they could receive the service without any hassles, hiccups or undesired/inordinate questioning by the service providers. So the stores used to home delivery, convenient timings has to deliver good returns.

7. Promotion

Customer always changing minds to buy products with particular store, they expect highly convenient purchasing and benefits while purchase more and more. The stores must have promotion strategies followed like after sales service.

8. Service Management

It is only recently that service quality management has begun to receive substantial attention from human resource management. When the stores deliver the best relationship for salesperson with customer it will be credit for stores for improving earnings and getting goodwill of the store.

SUGGESTIONS

Small traders implemented and utilized the marketing strategies to improve their perishable departments did well in competing for retaining current customers and recovering customers due to competition. Since technology is continuously changing and it is an expectancy of customers that they will receive quick and accurate service, it is strongly recommended that business owners consider investing or upgrading their store ambience, make unity business and accomplish their target groups and create good human relationship with customers and suppliers and arranging committee meeting for every month or possible time for discussing their barriers and overcome it.

CONCLUSION

Retailing is the final stage in the distribution process, small store outlets are the main source of purchase for consumers and this study investigates the truth behind these claims by measuring the problems and prospectus of small traders in Ramanathapuram Town. The results of factor analysis technique shows that product strategies is the most important factor followed by price strategies, distribution strategies and promotion strategies. Therefore the small traders must give utmost importance to these factors to overcome the competition faced by them as all these strategies contribute to the positive perceptions of small stores towards effective sustainability in the market. The small traders should make strategy to retain their customers by providing quality goods and services and they should also go for collaboration within area level then only they can survival in the market.

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