



Blow of Competition and the Air of Change in the Unorganized Retailing

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ABSTRACT

The debate has begun again among the columnists and policy makers in the vend vegans of the Indian media so is the case with unorganized retailers in the street-sides of the Indian cities. The impatience yielded with the governments' reaffirmation to its commitment for FDI in Multi Brand Retailing. The air of change is being perceived now by the un-organized retailers thanks to the local newspapers efforts in this regard. Small retailers are concerned about this new development especially in some mid size cities in India. But this fear among them is out of context. Retail Industry in India is largely unorganized and predominantly consists of small, independent, owner-managed shops. In today's competitive business environment unorganized retailers have redefined their role in general and in the consumer- value -addition in particulars. Unorganized retailers are tightening their belt and changing their strategy and marketing concepts regarding customer satisfaction. some material changes have been observed and reported by the respondents in the areas like store decoration, attractive and convenient packaging, packaged products, availability of branded products, more welcoming and attentive dealing with customers, better in store display and comfortable sitting arrangements& spatial comfort to move around .

Keywords : unorganized retailing, small retailers, customer- value -addition, customer satisfaction, Multi-brand competition.

INTRODUCTION

The debate has begun again among the columnists and policy makers in the vend vegans of the Indian media so is the case with unorganized retailers in the street-sides of the Indian cities. The impatience yielded with the governments' reaffirmation to its commitment for FDI in Multi Brand Retailing. The air of change is being perceived now by the un-organized retailers thanks to the local newspapers efforts in this regard. Small retailers are concerned about this new development especially in some mid size cities in India. But this fear among them is out of context. Retail Industry in India is largely unorganized and predominantly consists of small, independent, owner-managed shops. In today's competitive business environment unorganized retailers have redefined their role in general and in the consumer value addition in particulars. Unorganized retailers are tightening their belt and changing their strategy and marketing concepts regarding customer satisfaction.

1. Statement of the Problem:

Study of the transformational challenges of Traditional retailing Business in the small towns of India and the management of the required changes in line of the changing expectations and demand of the consumers emancipating here in Silchar.

2. Objectives of the study:

1. To study the consumer's perception regarding the changes observed by the consumers in traditional retailing business in Silchar Town.

3. Hypothesis:

Ho1 : Organized retailing has not changed the business model of retailing business in Silchar Town.

2. Methodology

4.1Types of Research: The study is exploratory in nature and the following methodology is followed to fulfill the objectives.

4.2 Sample: Since the study focuses on traditional retail, customers at selected from city Silchar in Assam are selected as the respondents and convenience sampling method was

adopted. Sample size is one hundred households from all the 28 wards of Silchar.

4.3 Data Collection: Respondents have been informed that they are participating in a study of changes observed by the customers in traditional retail .Statement explaining the perception of consumers towards changes observed by the customers in traditional retail. The schedule also includes eight number of components i.e. signboard, space to move around, packaging, credit facility, price & quality, branded products, advertisement and sitting arrangement.

4.4 Data Analysis: the perception of the respondents was recorded on four points scale and the same was summarized and represented with the help of bar diagrams.

CATEGORIES OF TRADITIONAL RETAILERS

- **Fruit & vegetable sellers** – Sells fruits and vegetables.
- **Food stores** - Result of bakery products. Also sells dairy and processed food and beverages.
- **Non-Vegetable Store** - Sells chicken and mutton.
- **Kirana I** - Sells bakery products, dairy and processed food, home and personal care and beverages.
- **Kirana II** - Sells categories available at a kirana – I store plus cereals, pulses, spices and edible oils.
- **Apparel** - Sells men's wear, women's wear, innerwear, kinds & infant wear.
- **Footwear** - Sells men's wear, women's wear, kid's wear
- **Customer durables & IT-** Sells electronics, durables & IT products.
- **Furnishing** - Sells home lines & upholstery.
- **Hardware** - Sells sanitary ware, door fitting, tiles.
- **General mechanize** - Includes lighting, stationery, toys, gifts & crockery.

SCOPE AND LIMITATIONS OF THE STUDY

- The geographical area of the study was limited to Silchar city of Assam.
- Customer survey was conducted in urban areas and the majority of the customers are located in semi-urban and rural areas.

ORIGINALITY & NOVELTY OF STUDY:

The researcher is of the view that this study is novel in the following respect –

- a) So far so good, no research has been done on traditional retail in Silchar city.
- b) The study concerns itself with traditional retail in Silchar city which is unique in itself as it is

developing city consisting of lower middle class people and surrounded by villages .

LITERATURE REVIEW

Thenmozhi, D & Dhempaul, D. (2011) in their study reveals six retail service quality factor namely store merchandise, Access, Personal Interaction, Problem Solving, Policy, and physical aspects. The findings of the study also confirm that retail service quality factor have a significant impact on customer satisfaction and customer loyalty in traditional retail outlets. The study also analyzes the association between demographic profile of the customers and their perception on retail service quality. These results have managerial implications for unorganized retailers which help them to formulate suitable strategies to satisfy and retain customers visiting their retail outlets as well as survive in highly competition retail sector.

Mukherjee.M(2011) in his study examine the government policies of different countries including India regarding the unorganized and organized retail sector .It examines whether the government provides a tight legal framework along with economic support to the unorganized retailers to sustain in present competition. The study examine that in the environment of intense competition government of different countries had helped small as well as big domestic retail chains through formulating appropriate policies overtime.

Sharma (2011) in his research found that India is poised to be the key driver for retail market globally and study after study shows co-existence of organized and unorganized growth. He also found in his study India's worldwide retail sales valued at \$450 billion dollars, Indian retail is pegged to grow by 5.8 % in 2014 and the countrywide share of organized retail is only 4 %. Finally he stated that retail in India has grown manifold over the years with both organized and unorganized retails.

Purohit.H, Kavita (2009) in his study cleared that the traditional retailers are not very much clear about the consequences of the modern retailing as most of the responses about the impact of the modern retailing given by the traditional retailers are neutral or undecided, except the item like ;the modern retailing will cut the profit margin of the traditional retailers and the modern retailing will lead healthy competition in the market, modern retailing will reduce the sales volume of the traditional retailers and traditional retailers should improve customer care services in the era of modern retailing.

M.Khadikar (2012) in his research attempted to determine the changing practices of retail trade like small grocery shop keepers, hypermarkets and customers in Kolhapur city. With the growing realization that brands are one of a firm's most valuable intangible assets, branding has emerged as a top priority in the last decade for grocery retailing. Given its highly competitive nature, branding can be especially important in the retailing industry to influence customer perceptions and drive store choice and loyalty. Researcher attempts to find the role of branding in grocery retailing. To focus attention on the fast changing pattern of grocery retail trade in Indian cities the present is entitled as "A study of retail trade with reference to grocery trade in Kolhapur city".

Gupta ,Nitu and Patani according there studies that organized and unorganized retail stores can co-exist and flourish. The growth in the Indian Organised retail market is due to increased income. Changing lifestyles, and patterns of demography which are favourable. Consumer wants to shop at a place where he can get food , entertainment and shpping all

under one roof.While on the other hand traditional stores are shops where the various products are available are the range of product really required by the cutomers.They try to satisfy the consumer with the wide range and at the same time maintain a good relationship to retain them and consequently convert them into loyal customers. According to them it is quite doubtful that organized retail will be ever able to overcome the unorganized retail completely.

JosephMathew, Soundararajan Nirupama and Sahu Sanghamitra(2008) found in his study that Unorganized retailers in the vicinity of organized retailers experienced a decline in their volume of business and profit in the initial years after the entry of large organized retailers. The adverse impact on sales and profit weakens over time. The rate of closure on account of competition from organized retail is lowerstill at 1.7 per cent per annum. There is competitive response from traditional retailers through improvedbusiness practices and technology upgradation. There is competitive response from traditional retailers through improvedbusiness practices and technology up gradation. A majority of unorganized retailers is keen to stay in the business and compete, while also wanting the next generation to continue likewise. Small retailers have been extending more credit to attract and retain customers.

Munjal Alka, Kumar Anil and Narwal Pradeep (2011) in their study tell us that Organised has impacted the Unorganised but they found during their survey period that Organised retail is the one in today's scenario which is facing a lot of competition because of the high costs in this recessionary period and an economic slow down face and from the Unorganized retail as their biggest challenge lies in building in the football of the stores and generate larger share of revenue's.

Handa Vidhushi and Grover Navneet (2012) in their study suggested that there is a need of balanced approach to Retail and Government and has to play very vital role in shaping the future course. Though Traditional has been performing a vital function in the economy, but it has to shed off its shortcomings and inefficiencies and this is actually happening. Thus the Organised sector only the other sectors positively but also it has benefited its own competition i.e Unorganized Sector. According to them Organised Sector becomes the growth mantra of retail sector.

Chattopadhyay Atish, Dholakia Nikhilesh & Dholakia Ruby (2011) in their study found that even in market where there are modern retail outlets , consumers continue to shop from traditional stores. Consumers in the large Indian cities are starved for time and percentage of grocery shopping is the highest from the neighborhood store. The general trade offers the convenience of taking orders over phone and making home delivery which enables these stores to get a sizeable comprehensive shopping even at places where modern retail are present in close proximity. A vast majority of Indians are employed in the Unorganized Sector.

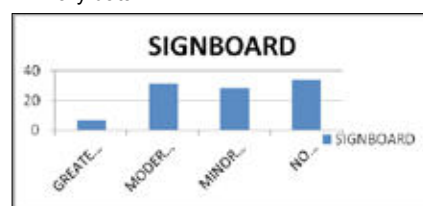
ANALYSIS OF THE DATA COLLECTED FROM THE RESPONDENT:

Changes observed by the customers in Traditional Retail Shops after the arrival of Organized Retailing in Silchar.

Table: 1.SIGNBOARD

COMPONENT	Greater Change	Moderate Change	Minor Change	No change
SIGNBOARD	7	31	28	34

Source: Primary data

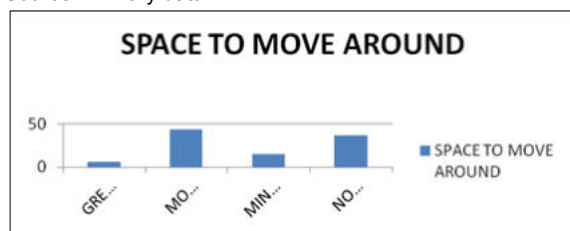


The table no. 1 given above shows that majority of the responses of customers lies in the area of minor or no changes observed by them with regard to the signboards used by the small retailers in Silchar town. It signifies the need for greater makeover about the signboard that contains name of the store and proprietors as well which needs to be highlighted as it has brand Value for the store in the present time business scenario.

Table: 2.SPACE TO STAND AND MOVE

COMPONENT	Greater Change	Moderate Change	Minor Change	No change
SPACE TO STAND AND MOVE	6	43	15	36

Source: Primary data



The table 2 presents that majority of the responses of customer's lies in the area of moderate change and no change. From the above, it is found that at present whatever sitting arrangements have small retailers are not enough. There is a greater need to take care regarding space utilization in most effective way according to their capability.

Table: 3.PACKAGING

COMPONENT	Greater Change	Moderate Change	Minor Change	No change
PACKAGING	26	38	11	25

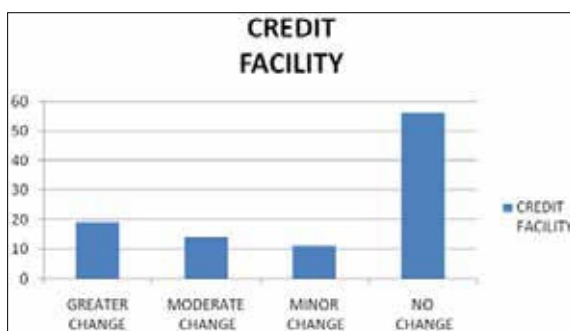
Source: Primary data

The above table 3 presents the results of the analysis that changes has been observed by the customers regarding packaging of products in Silchar Town. From the above table it is clear that changes have been observed by the majority of the customers. So, we can say that there is a big change in packaging of products are enable to protect goods from outside influences and damage and providing customers with ingredients and nutritional information .

Table: 4.CREDIT FACILITY

COMPONENT	Greater Change	Moderate Change	Minor Change	No change
CREDIT FACILITY	19	14	11	56

Source: Primary data



From the table 4, figure 4, 56 no. of customers has observed no changes. It is very clear from the above table that no of customers of greater change, moderate change and minor change is less than no change.

So, we can say that credit facility provided by the small retailers has got no change since last four years due to fear of bad debts and non recovery of money from the customers.

Table: 5.PRICE & QUALITY

COMPONENT	Greater Change	Moderate Change	Minor Change	No change
PRICE AND QUALITY	53	12	19	16

Source: Primary data



It is clear from the above table 5 that highest level of changes has been observed by the customers in Silchar town and majority of the customer's lies in the area of greater changes.

Table: 6.BRANDED PRODUCTS

COMPONENT	Greater Change	Moderate Change	Minor Change	No change
BRANDED PRODUCTS	28	30	12	30

Source: Primary data



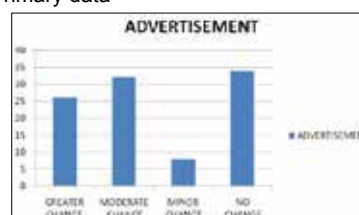
The above table indicates that out of 100 customers , only 28 customers feel the availability of branded products which they have never before. And 30 no. of customers have observed the changes in the availability of branded products but not as greater change. According to them branded products were not easily available asnow we can get it from many small shops.

However there is no much differences in the no. of 58 and 42 no. customers . So we can say that small retailers should take great care regarding availability of branded products to attract more and more customers.

Table: 7.ADVERTISEMENT

COMPONENT	Greater Change	Moderate Change	Minor Change	No change
ADVERTISEMENT	26	32	8	34

Source: Primary data



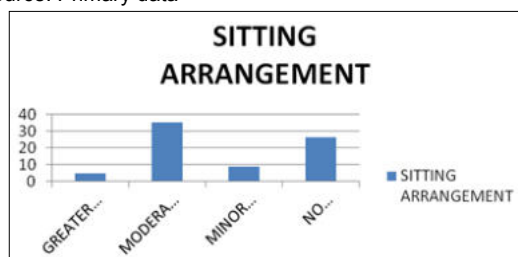
From the table 7, and figure 3, it is clear that only 26 no customers have recognize the retail advertising through different media. Retail advertising helps in making purchase decision . 32 no of customers also have recognize the retail advertising but not deeply.

So, overall 58 no of customers have observed retail advertising and still there is thrust regarding retail advertising because it is big tool to attract more and more customers in a very small time.

Table: 8.SITTING ARRANGEMENT

COMPONENT	Greater Change	Moderate Change	Minor Change	No change
SITTING ARRANGEMENT	5	35	9	51

Source: Primary data



It can be inferred from the above table that there is no changes has been observed by 60 no. of customers regarding sitting arrangements or in ease of searching products in small shops. Only 5 no. of customers have observed greater change has got no meaning and 35 no. customers have observed as moderate changes regarding sitting arrangements.

So we can say that precautions must be taken regarding sitting arrangements convince by the small shops of Silchar Town.

Table: 9.SALES PERSONS BEHAVIOUR

COMPONENT	Greater Change	Moderate Change	Minor Change	No change
SALES PERSONS BEHAVIOUR	13	40	15	32

Source: Primary data



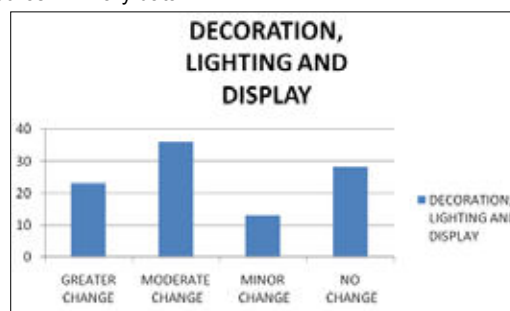
As shown in table 9 only 13 customers have observe as greater changes in the behavior of sales person , managers and owners etc. 40 no. of customers have observed as moderate changes . There is also very less differences between observer of greater change, moderate change, and minor change, no change.

Therefore we can say that small shops retailers should also take care of their sales persons training, counseling, and entertainment because a sad boy cannot please or welcome to the customers

Table: 10.DECORATION LIGHTING 7 DISPLAYS

COMPONENT	Greater Change	Moderate Change	Minor Change	No change
DECORATION LIGHTING & DISPLAYS	23	36	13	28

Source: Primary data



The table 10 gives a glimpse of changes that near about 59 no customers have observe the changes in decoration, lighting, store display etc .So, here we can say that 60 no of respondents have observed the changes .

Conclusion:

Retail industry in India is largely unorganized and predominantly consist of small, independent, owner managed shops. In today's competitive business environment unorganized retailers have redefined their role in general and in the consumer value addition in particular. Un-organized retailers are tightening their belt and changing their strategy and marketing concepts regarding customer satisfaction. Do customers have noticed the changes adopted here in silchar? Fortunately yes as some material changes have been observed and reported by the respondents in the areas like store decoration, attractive and convenient packaging, packaged products, availability of branded products, more welcoming and attentive dealing with customers, better in store display and comfortable sitting arrangements& spatial comfort to move around . These are really positive attitudinal changes among the unorganized retailers under the influence of competition posed by the organized retailers and the propaganda created in favor of the multi-brand retailing in India.

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