



Dynamic Environment-Strategic Escape of Shopkeeper: A Review

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ABSTRACT

As a result of economic crisis in India and the FDI policy 2012 to promote the multinational retail business, different retail formats have come into existence (for example Big Bazaar, Easy Day, Best Price, Vishal Mega Mart etc.). It is assumed that with the expansion of modern retail formats in Indian Territory it would destroy the small economic like small Retail formats which contradicts the government policies of promoting small and medium enterprises. It is quite difficult for small retailers of India to cope up with the technological changes in their business environment. They therefore have to be very much competitive to meet with environment changes in terms of changing consumer behavior, improvement in technology and intensifying competition. Hence it is in the interest of both economist and retailers to search for the particular strategies that will help the small retailers to survive in changing business environment which can help them to continue further. Here the aim of this paper is to foreground the available literature related to the concept and find the research gaps.

KEYWORDS

Small/Unorganized Retailer, Strategies.

INTRODUCTION

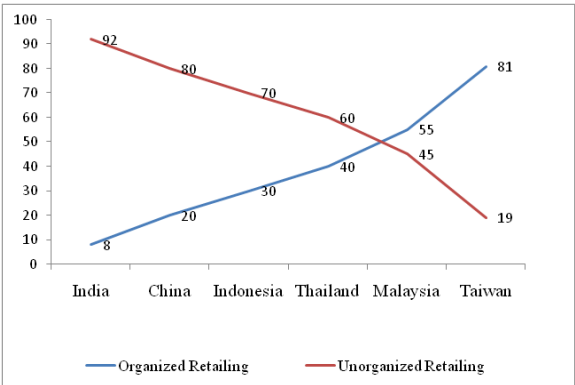
Retailing consists of all activities involved in selling goods and services to consumers for their personal, family, or household use. It covers sales of goods ranging from automobiles to apparel and food products, and services ranging from hair cutting to air travel and computer education.¹

Retail business is one of those businesses which play an important role in Indian economy. It is always been big employment pool and source of income. In 2012, According to A. T. Kearny India has been identified as the fifth most attractive retail destination globally from the thirty emerging markets (US-based global management consulting firm A T Kearny 2012). The report demonstrates that the share of retail sector in Indian market is Rs. 2850055 crore (\$ 516 billion) in 2012. It also states that India will remain a high potential market with accelerated retail growth of 15-20 percent over the next five years expectedly.²

The Indian Retail Industry on the whole is divided into organized and unorganized sectors. Organized Retailing refers to marketing activities undertaken by licensed retailers who are registered for sales tax, income tax and, whose business is corporate, who implement management techniques managed by professionals as a firm or limited company or cooperative. These include corporate-backed hypermarkets and retail chains, and also privately-owned large retail businesses. Hence, organized retail which now constitutes 8% of the total retail sector is growing at much faster pace of 45-50% per annum than unorganized retail as per the findings of Indian Council for Research on International Economic Relations (ICRIER).³

Unorganized/Traditional retailing refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc.⁴ From the table it is clear that India occupies first place in the unorganized retailing.

	Organized Retailing	Unorganized Retailing
India	8	92
China	20	80
Indonesia	30	70
Thailand	40	60
Malaysia	55	45
Taiwan	81	19



Source: A. T. Kearny, Booz & Company analysis, FICCI, 2012

OBJECTIVES OF STUDY

- 1 To review the available literature related to the strategies of small retailers.
- 2 To find the research gaps to conduct the future research.

DATA AND RESEARCH METHODOLOGY

The descriptive research methodology has been used to collect the data. To evaluate the overall Strategic position of small retailers in India, secondary data has been collected from various published sources and websites.

REVIEW OF LITERATURE

Archer and Taylor (1994) in his book *Up Against the Wal-Marts* argues that the small retailers can survive "in the shadow of the retail giants" the key being levels of customer service that the mega-retailers can't provide, their very size limiting their abilities in this area provide ten survival strategies for small retailers to consider in competing with mega-discount chains. These precepts are:

- 1 Focus completely on satisfying the customers
- 2 Study the success of others
- 3 Gather and analyze management information regularly
- 4 Sharpen marketing skills
- 5 Increase the customer's perception of value
- 6 Position the business uniquely
- 7 Eliminate waste
- 8 Find something to improve every day
- 9 Embrace change with a positive attitude
- 10 Pull the trigger and start the battle

Berry (2001) in his article *The Old Pillars of New Retailing* argued that by using five well-documented retailing best practices, the "Five pillars of retailing", survival and success can be achieved. Berry's "Five Pillars" of retailing or best retail practices, components of his "retail model" are:

- 1 Solve the customers problems
- 2 Treat customers with respect
- 3 Connect with customers' emotions
- 4 Set the fairest (not lowest) price
- 5 Save customers' time

Brennan (1991), in his Report *An Analysis of Impact of Discounters on Retailing in Small Towns and Alternative Responses for Retailers and Community Leaders* in which he views on strategies adopted by the retailers opined that providing specialized services, offering better quality products and improved customer services were the most successful strategies, on the other hand, increasing sales and promotions, lowering prices and increasing advertising were least successful.

Goswami P. and Mishra M.S. (2009) conducted the study *Would Indian Consumers move from Kirana Stores to Organized Retailers when Shopping for Groceries?* that was carried across four Indian cities- two major metros (Kolkata and Mumbai), and two smaller cities (Jamshedpur and Nagpur) with around 100 respondents from each city. The results suggest Kiranas would do best to try and upgrade in order to survive. Given that modern trade outlets have deeper pockets and can afford to make mistakes and get away with it in the short term, Kiranas have to stay alert, try to upgrade and continue to serve customers well, while concentrating on innovating, evolving and remaining efficient on retailer productivity scores.

Gupta (2012) in her study *Customer Loyalty towards Kiranas in Competitive Environment: A Case study* concluded that store attributes like convenient operating hours and accessibility were the factors which lead to customer loyalty and not store appearance. Similarly, product attributes like freshness of the product and availability of products range according to the pocket were major determinant of loyalty. It was also evident that even today Kiranas are preferred by customers because of various reasons viz. convenient location, home delivery, personal relations with shopkeeper, giving products on credit, payment in installments.

Joseph, Soundararajan, Gupta and Sahu (2008) in their research report *Impact of Organized Retailing on the Unorganized Sector* concluded that unorganized retailers in the locality of organized retailers were adversely affected in terms of their volume of business and profit. According to them, with the emergence of organized outlets, consumers gained the availability of better quality products, lower prices, one-stop shopping, choice of additional brands and products, family shopping, and fresh stocks.

Kumar and Narwal's (2011) Research Paper *Sustainability of Modern Retail Via Comparative analysis of Organized and Unorganized sector* based on their research concluded that the "kirana shops being affected by malls is only a myth". He further concluded that in spite of the available opportunities to the organized retail to grow in India these kirana shops also were benefited from this growing economy.

Kumar (2011) in his work *A Study on the Strategies of Unorganized Retailers with reference to Consumer Durables* found that a product strategy which means merchandise is the most important factor followed by price, distribution and promotion.

Kushwaha (2011) in his research paper *Customer Perception in Indian Retail Industry: A Comparative Study of Organized and Unorganized Retail Industry* compared the perception of consumers in organized and unorganized retail market and found that factors like cleanliness, distance, price, quality, safety and space for shopping are the determinant factors for unorganized retail.

McGee and Finney (1997) in their study *Competing against Retailing Giant: A Look at the Importance of Distinctive Marketing Competencies* stated that a unique competency is the particular instrument that can increase an SMR's competitive advantage. More importantly, they suggested that there are five factors in the area of distinctive competence. These are:

- 1 Quality image
- 2 Effective differentiation
- 3 Effectiveness of key merchandising practices
- 4 Civic involvement
- 5 Control of retail program

Shils & Taylor (1997) in the article *Measuring The Economic and Sociological Impact of The Mega-Retail Discount Chains on Small Enterprise in Urban, Suburban and Rural Communities* mentioned that in the retail system, multinational chains have an advantage over smaller retailers by centralizing retail and distribution systems resulting in more competitive pricing and more distribution power over small local businesses. The power to control the production and distribution of products was transferred from large numbers of local retail businesses to small numbers of large business corporations.

Solagaard & Hansen (2003) in his research article *A Hierarchical Bayes Models of Choice between Supermarket Formats* identified several store attributes that were considered important for the consumer's evaluation of stores. These attributes were merchandise, assortment, merchandise quality, personnel, store layout, accessibility, cleanliness and atmosphere.

According to V Ramanathan's (2009) paper *The New Face of Unorganized Retailers in India: From Convenience to Category Killer* the unorganized retailers need to be responsive to the competitive retail market dynamics created by the organized retail formats in order to sustain their business and serve their target customers in a profitable manner. The change process requires the unorganized retailers to reshape their existing business practices of dealing in a limited variety of product alternatives to offering the complete assortment in the product categories handled by them. This 'category killing' approach would become imperative for the continued survival of unorganized retailers. If the unorganized retailers adopt this approach, together with the various forms of convenience that they already offer, they would be able to stand up to the competition from the organized retail formats.

Vijayraghavan K. and Ramsurya M.V., (2007) in the study *Mom & Pop Happy Letting a Rich Tenant Takeover* discussed the topic that it is a matter of debate as to whether Indian kirana stores would be able to survive in the face of competition from organized modern trade grocery retailers. Although traditional retail currently constitutes over 95% of the total sales in the country, smaller kiranas that are unable to com-

pete with new age retailers in terms of variety and scale have begun losing volume in several parts of the country.

Thenmozhi, D & Dhemapaul, D. (2011) in their study Unorganized Retailing in India – A Study on Retail Service Quality 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.

MAJOR FINDINGS

The literature review has yielded insight into a number of important aspects of retailing. Based upon earlier literature, major finding of retail sector were included in the study. These are:

- 1 The first and foremost objective of the small and large retailers (Archer and Taylor 1994, Berry 2001, Brennar 1991) is to satisfy the costumers by providing the convenient shopping experience.
- 2 But with drastically change in buying behavior of the consumer and business environment (Goswami and Mishra 2009) like technology, large competitors etc. small retailers are losing their market share in India (Joseph, Gupta and Sahu 2008, Goswami and Mishra 2009).
- 3 Customers prefer small retailers because of various reasons viz. convenient location, home delivery, personal relations with shopkeeper, giving products on credit, payment in installments (Gupta 2012).
- 4 Customers prefer large retail outlets because of various reasons like better quality products, lower prices, one-stop shopping, choice of additional brands and products, family shopping, and fresh stocks (Joseph, Gupta and Sahu 2008, Kushwaha 2011).
- 5 Most of the researcher opined that by providing the goods and services at lower price, providing better quality of products, providing brand, and increase in advertising and by providing best shopping environment small retailers can compete with lager retailers (Brennan 1991, Joseph, Gupta and Sahu 2008, Kumar 2011).

GAPS IN STUDIES

From the preceding extensive review it has been observed that most of the earlier studies focus on either the overall retail scenario or different retail formats other than small retailers. Only few studies have covered the small retail enterprises, but even these studies have focused on only one or two sectors, basically the food and the apparel sector. Moreover there is hardly any study covering all the important aspects of small retailing strategies like marketing, human recourse and financial strategies. So there is enough scope of research in this area.

CONCLUSION

After going through the literature selected for this study it can be concluded that the matter of survival of small retailers in changing business environment has been one of the key issues among researchers. The studies discussed in this paper provide vital suggestions and idea in order to ensure the importance and pertinence of small retailers against business environmental changes.

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