



**ORIGINAL RESEARCH PAPER**

**Commerce**

**A STUDY ON ORGANISED RETAILING IN BANGALORE- WITH REFERENCE TO VEGETABLES AND FOOD PRODUCTS**

**KEY WORDS:**

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**ABSTRACT**

The retailer is the end link in the chain through which goods produced by the manufacturer reach the consumer destiny. Retailers facilitate distribution of goods by providing points of sale and making the goods available to customers in convenient and cost effective manner. Retailing is one of the pillars of economy in India and accounts for 35% of the GDP. According to a study by McKinsey Global Institute, India is likely to join the premier league of the world's consumer markets by 2025, leading to improvements on its current 12th position to 5th position. Retailers not only contribute to the general economy, but they are also part of the fabric of society itself.

**INTRODUCTION**

The food retail industry in India has traditionally been highly fragmented and is often described as being unorganized. There are an estimated 12-15 million outlets, including push carts, wet market and kirana stores, selling food and related items. Indians have traditionally preferred fresh ingredients procured at frequent intervals from neighborhood stores and street vendors. Commercially viable small shops have traditionally provided goods and services to local consumers, provided an outlet for local produce, provided local job opportunities and acted as the central hub of a community. Vegetable Mandis have been a traditional phenomenon in India over centuries that provide an opportunity to small farmers to gain direct access to local consumers.

**OBJECTIVES OF STUDY**

- To understand the concept of retailing in Global and Indian Perspective
- To analyze the factors driving organized retailing in India
- To evaluate the implications of organized retailing for unorganized sector

**REVIEW OF LITERATURE**

**Sunil Kumar** (2012) opines that in the era of liberalization, globalization and privatization, the whole economy is opening up gradually. Pointing to the fact that India has already allowed 51 percent FDI in single-brand retail and 100 percent FDI in cash-and-carry or wholesale trading and now, there is a proposal to allow 51 percent FDI in multi-brand retailing; the organized sector tends to grow exponentially in the country.

**G. Suresh and S. Krishna Murthy** (2012) finds that many Indian Policy makers and trade analysts today realize that the horticulture development has increased employment and foreign exchange earnings for the country. Even though productivity and production of horticulture products is high in India, the economic condition of the growers is not favorable. It is because of the growers' weak bargaining power and poor economic condition that the marketing intermediaries are harassing and cheating them in different ways (Deepak M., et al., 2006).

**Ruchi Malik** (2012) studies the factors affecting the success of organized retail sector and analyzes their importance. It was found from the study, that though there are multitudinous opportunities that are untapped by the retailers, they can be successful by paying more attention towards their customer needs and desires.

**Ramanathan and K. Hari**, (2011) studies the perception of consumers about both unorganized and organized retailers and finds it keeping on changing dynamically. Most of the time, both organized and unorganized retailers are in a

dilemma regarding the perception of consumers and hence, due to the unpredictable nature of the customers, both the type of retailers face difficulty in realigning their business strategies.

**P. Anandaraj and V. Chinniah** (2011) hold that the area and production of fruits in general and mango, in particular, has increased many folds during the last fifteen years, which brought in many problems with regard to marketing of the fruits. The various marketing facilities necessary for economic disposal of the produce have, however, not been able to keep pace with the fast expanding fruit industry.

**METHODOLOGY**

- The study used various research methods such as
- Causal or cause and effect relationship between independent and dependent variables
  - Descriptive

**Cause and Effect Relationship**

The research program identified independent and dependent variables such as 7 P's of marketing mix- viz product, price, promotion, placement, people, process and physical evidence- adopted by both organized and unorganized retailers of fresh produce, their impact on level of consumer satisfaction, demographic and socio-economic variables that determine consumer preference for a particular format, and various factors pertaining to the growth of large retailers that could affect the prospects of small vendors. These strategic and sensitive variables are linked on the basis of causal relationship.

**Descriptive Study**

The study articulates what has happened and what is happening on the organized retailing front in advanced countries and developing countries including India. The models of consumer behavior, and 7 P's model of service marketing mix, SWOT analysis and McKinsey's 7 S' model are being adopted to understand and evaluate the retail formats.

**DATA PROCESSING**

The collected data will be analyzed with the help of statistical packages and tools such as averages, Correlation, ANOVA, Chi-Square, T-Test, factor analysis and so on, and the same will be presented using tools such as Tables, Graphs, Diagrams, Figures and the like.

**RESULTS AND DISCUSSIONS**

**A. Results of Consumer Data**

Majority of the respondents (77%) are females, nearly half of the respondents are in the age group of 31 years to 45 years, 40% of them buy products worth Rs 100-200 each time, followed by 25% buying between Rs 200-300 worth of products, about 42% prefer to buy products from organized

outlets, which 34% do not prefer, while 21% remain neutral. Nearly half of the respondents are graduates, followed by 40% who studied up to Inter/ PU/ Dip and the rest are post graduates and others. Occupation-wise, majority are employees (45%) followed by homemakers (30%). About 40% of respondents earn between Rs 20000 to Rs 50000 per month and 33% get less than 20000 per month.

The comparative experience and perceptions of respondents in both organized unorganized retail formats reveal contrasts as to several variables, which are shown in terms of mean values out of 5 point score. Organized formats score over small vendors in terms of product quality and grading, prices, access to store, courtesy and approach of trader/ employee towards the consumers, while no significant difference is found between the store formats as to promotional initiatives. Among various product attributes, product availability and variety in organized stores top the list with mean scores of 3.52 and 3.49 respectively.

Discounts and offers score least with 2.95. Timings or working hours of large outlets are perceived to be most convenient with 3.94 mean against 3.22 with small outlets. Special day low price offers at large stores are considered to be most effective while schemes like lucky draws are least effective in

satisfying the consumer. Among people related factors, employees' knowledge about product, price and the like scores highest, whereas the check in/ checkout process is termed as least convenient. Machines and equipment are most appealing with score of 3.92, but parking area is found to most wanting with least score of 3.29. Small retailer is perceived little better as to environment friendly trading practices.

Among various factors in unorganized retail format, freshness is found to be most factory with 3.81 (against 3.41 in organized counterparts), procurement efficiency is perceived to be least (2.79 against 3.84 in large retail sector), followed by cleanliness and hygiene, and ambience with mean scores of 2.82 and 2.91 respectively as compared to 3.63 and 3.61 respectively in the large format.

Among the variables considered relevant for study, the respondents accord higher importance ( $\geq 4$  mean) to product variety, freshness, low price, proper weight and measurement, which they feel organized stores provide better except freshness factor. Paired sample statistics and paired sample correlation test reveal the same, which are tabled below.

**Table 2: Respondents' experience of organized and unorganized outlets on select attributes**

		Paired Samples Statistics				
		Mean	N	Std. Deviation	Std. Error Mean	
Pair 1	Product quality and grading	Large/ Organised outlet	3.39	498	1.071	.048
		Small outlet	3.34	500	1.059	.047
Pair 2	Assortment	Large/ Organised outlet	3.50	496	.894	.040
		Small outlet	3.32	496	1.060	.048
Pair 3	Freshness	Large/ Organised outlet	3.41	496	1.040	.047
		Small outlet	3.81	496	.890	.040
Pair 4	Availability	Large/ Organised outlet	3.52	494	1.006	.045
		Small outlet	3.49	494	1.139	.051
Pair 5	Price	Large/ Organised outlet	3.26	500	1.149	.051
		Small outlet	3.34	500	1.059	.047
Pair 6	Access to market	Large/ Organised outlet	3.77	498	1.210	.054
		Small outlet	3.47	498	1.007	.045
Pair 7	Arrangement of goods	Large/ Organised outlet	3.92	490	1.062	.048
		Small outlet	3.22	490	.992	.045
Pair 8	Perceived procurement efficiency	Large/ Organised outlet	3.84	496	.818	.037
		Small outlet	2.79	496	.998	.045
Pair 9	Environment friendly practices	Large/ Organised outlet	2.97	494	.963	.043
		Small outlet	3.01	494	1.060	.048
Pair 10	Cleanliness and hygiene	Large/ Organised outlet	3.63	494	.957	.043
		Small outlet	2.82	494	1.001	.045
Pair 11	Courtesy of trader/ employee towards buyer	Large/ Organised outlet	3.28	492	.892	.040
		Small outlet	3.05	492	.996	.045
Pair 12	Ambience	Large/ Organised outlet	3.62	492	1.160	.052
		Small outlet	2.91	492	1.003	.045
Pair 13	Credit card/ credit facility	Large/ Organised outlet	4.02	490	.906	.041
		Small outlet	3.16	490	1.233	.056
Pair 14	Timings	Large/ Organised outlet	3.95	490	.871	.039
		Small outlet	3.37	490	1.037	.047
Pair 15	Promotional effectiveness	Large/ Organised outlet	3.36	492	1.084	.049
		Small outlet	3.41	492	.988	.045

Source: Primary data

**Table 3: Correlation of experience in organized vis a vis unorganized outlet**

		Paired Samples Correlations		
		N	Correlation	Sig.
Pair 1	Product quality and grading	498	-.237	.000
Pair 2	Assortment	496	-.014	.763
Pair 3	Freshness	496	-.130	.004
Pair 4	Availability	494	-.197	.000
Pair 5	Price	500	-.196	.000
Pair 6	Access to market	498	-.021	.636
Pair 7	.Arrangement of goods (FFV)]	490	.160	.000

Pair 8	perceived procurement efficiencies	496	-.204	.000
Pair 9	Environment friendly practices	494	.084	.063
Pair 10	Cleanliness and hygiene	494	.056	.213
Pair 11	Courtesy of trader/ employee towards customer	492	.026	.564
Pair 12	Ambience]	492	-.038	.403
Pair 13	Credit card or credit facility	490	-.241	.000
Pair 14	Timings	490	.043	.347
Pair 15	Promotional effectiveness	492	.083	.065

Source: Primary Data

**Table 4: Pearson's correlation showing importance attached to various factors and satisfaction derived by the buyer respondents**

Correlations		
		Overall Importance Factors in Retail
Products	Pearson Correlation	.204
	Sig. (2-tailed)	.000
	N	500
Price	Pearson Correlation	.043
	Sig. (2-tailed)	.338
	N	500
Placement	Pearson Correlation	.351
	Sig. (2-tailed)	.000
	N	500
Promotion	Pearson Correlation	.248
	Sig. (2-tailed)	.000
	N	500
People	Pearson Correlation	.142
	Sig. (2-tailed)	.002
	N	496
Process	Pearson Correlation	.441
	Sig. (2-tailed)	.000
	N	496
Physical evidence	Pearson Correlation	.493
	Sig. (2-tailed)	.000
	N	500
Ethical practices	Pearson Correlation	.499
	Sig. (2-tailed)	.000
	N	498
Overall Marketing mix of Organized Retailer	Pearson Correlation	.543
	Sig. (2-tailed)	.000
	N	500
Overall Market ing mix of Unorganized Retailer	Pearson Correlation	.205
	Sig. (2-tailed)	.000
	N	500
Overall Importance Factors in Retail	Pearson Correlation	.500
	Sig. (2-tailed)	.000
	N	496

Source: Primary data

**Table 5: Results of reliability test Cronbach's Alpha Correlation Test**

Cronbach's Alpha	N of Items
.823	6
.579	5
.755	8
.630	4
.755	5
.846	10
.587	4
.901	20
.898	20
.727	13

Source: Primary data

The study results are analysed and interpreted using statistical tools like Chronbach Alpha Correlation test, Pearson correlation test, 2 tail T test, and the like that show the significance of relationship among the vital variables of the

study. Data is found to be good as it stood by the reliability test.

**B. RESULTS OF VENDOR DATA**

Most of the respondents (70%) are males, about 39% surveyed are located within 1KM of the location of organized retail outlet and 25% are located beyond 2 KM, and 57% studied only upto middle school, a significant majority of 70% inherited the business started by the parents. Over 80% have a daily turnover from Rs1000 to Rs 4000. While 67% of the respondents saw a decline in business in last two years (after coming up of large stores), while 25% experienced a positive effect. A vast majority of vendors are uncertain about their future prospects of their business, and feel lack of adequate resources and formal credit remains major impediments for growth of the business. Only 33% are confident to survive the growing completion in the years to come, while 62% keep the figures crossed. About 61% do not wish to continue their wards with present business, while 43% are inclined to explore the other avenues to improve their prospects.

Statistical tools such as AVOVA, Principal component analysis Factor analysis and the like were carried out to analyse the vendors' views as to various issues in modern retailing.

### CONCLUSION

The traditional marketing of FFV in India is typical of a developing country. Several studies have estimated the loss of fresh produce due to poor post-harvest handling to be in the range of 30-40 percent of production (Singh *et al.*, 2002). Farmers' share in retail price is dismally low in India @ 12-15% against 40% in Thailand. In such a situation, it is important to understand the weaknesses of the current system and to see how modern supply chains can help to overcome these weaknesses.

Research studies show that the impact on corporate retailing on small farmers and vendors would be limited. Different models of FFV supply chains are emerging given the background, strengths and interests of the firms involved. While organized effort does help in eliminating leakages and increasing efficiencies, inclusive growth is very much likely so that it leads to win-win situation for all the players in the fray.

While the large retailers could flourish by providing large varieties of FFVs to the urban consumers with utmost economy, convenience and ambience, and inclusive policies towards all the stakeholders; the small traders and hawkers continue to cater to the cross sections of consumers in the market with the possible automation, better service and innovative marketing and customer relationship management strategies.

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