Frontiers happening in Retail Market in accordance to Unorganized Retailers

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Abstract

Purpose – The purpose of this paper is to explore impact of modern retailing on unorganized retailers in Chhattisgarh. This paper provides an insight into the opinion of unorganized retailer towards emergence of organized retail business.
Design/methodology/approach – The researcher used semi-structured questionnaire for retailers for data collection. Data were analysed through Chi-square test.
Findings – The study shows that the emergence of organized retail business impact on growth of unorganized retailers. In last five years unorganized retailers of some areas found difference in their consumer demand. In the study it is analyzed that unorganized retailers are interested in changing themselves into organized retail formats due to its modernization and attraction. Due to the exploratory nature of the study and its focus on the context of a particular geographical marketplace, the findings may not be generalizable to other places.
Originality/value – This is the first academic study of the criteria used by unorganized retailers to make changes in their existing business formats in Chhattisgarh.

Keywords: Unorganized retailer, organized retail business, consumers, grocery.

The historical backdrop from claiming late for promoting might have been initiated over An hundred also fifty quite some time secret word once those essential retail formats, those discounted outlet, started on fight with those standard little also independent outlets. Afterward the development from claiming determination saves inside the USA and after the fact for Europe (France, UK, European nation and Italy) and moreover done Japan. These retail formats are for declining phase the point when generating victory for long sum in a few nations in these (Cliquet, 2000).

During those nineteen sixties starting, Hypermarket: a reinstatement showcasing configuration inside the French domain. It changed those retail example On French and a big area of planet might have been lined by French, making France particular case amongst those principal capable nations inside the retail segment. Yet, Indeed a portion nations similar to china even now developing, over France it faces a portion challenges (Cliquet, 2000) and done elective nations similar to European nation (Cuesta Valiño, 2004).

Indian retailing will be undergoing a transform of advancement will be poised should experience emotional conversion. Those retail segment utilizes again 8% of the national workforce that may be portrayed by secondary degree from claiming discontinuity with again 5 million outlets, 96% for whom are altogether little with a territory about short of what 50 m2 (Aggarwal, 2000). Those retail universes more than increased the center for 1978 and 1996 and the sum starting with guaranteeing outlets to each 1000 family in an India level, stretched from 3.7 over 1978 for 5.6 to 1996. Will the individuals urban section alone, the individuals shop thickness stretched starting with 4 to each 1000 individuals to 1978 will 7.6 for each 1000 family completed 1996 (Venugopal, 2001). Because of their small size, Indian retailers achieve next on no wrangling vitality for makers and perform best of the streams, previously, they publicizing channels differently because starting with asserting retailers over made countries, (Sarma, 2000).

Present Supermarkets

Existing Indian retail firms, for instance, Spencer's, Foodworld Supermarkets Ltd, Nilgiri's and ShopRite backing retail change and think as of worldwide rival similarly as a favoring mask. They anticipate a flurry from claiming joint ventures with worldwide majors for development capital and chance should pick up dexterity in supply chain management. Spencer's retail with 200 saves in India, for retail about new vegetables and fruits representing 55 % about its benefits of the business cases retail change will make a win-win situation, Similarly as they officially get the ranch items straight forwardly from farmers association from claiming middlemen alternately dealers. Spencer’s cases that there is extension to it to extend its foot shaped impression like store area and also procuring ranch items. Foodworld, which works over 60 stores, arrangements to increase its vicinity should more than 200 areas. It need at that point tied up for Hong Kong-based dairy ranch global. With those unwinding over worldwide ventures clinched alongside Indian retail, India’s Foodworld anticipates that its worldwide association will best get stronger. Rivalry and investment over retail will gatherings give that's only the tip of the iceberg reductions should purchasers through more level prices, wider accessibility And huge change over supply chain logistics (Delhi Legislative Assembly Election, 2013). As stated by board parts during that seventh food and Grocery gathering India, those chances clinched alongside food and grocery retail to India need aid immense, provided for that it constitutes around 69 percentage of India’s downright retail business sector. The Indian retail market, presently assessed during $490 billion, may be project on develop at a exacerbated twelve-month Growth rate from claiming 6 % on range $865 billion eventually in 2023. Advanced retail for a infiltration about just 5% will be expected on develop regarding six times starting with those present 27 billion USD will 220 billion USD, crosswise over at classes and segments.

Indian retail changes in hold.

As Bloomberg, once stated in 3 December 2011, the Chief Minister of the Indian state of West Bengal, Mamata Banerjee, who is against the approach and whose Trinamool congress acquires 19 votes of the decision congress party-led coalition, guaranteed that India’s legislature might set those FDI retail changes ahead hold until it achieves agreement inside the decision coalition. Reuter's reports that this gambled a conceivable weakening of the arrangement as opposed a change about heart according to Sadanand (2011), Rueters (2011) and The Financial Times (2011). A few daily papers guaranteed around 6 December 2011 that India parliament is anticipated with hold retail changes same time the administering congress get-together tries agreement starting with those resistance and the congress gathering's sentiments own coalition accomplices. Suspension for retail changes with respect to 7 December 2011 might be, the reports claimed, a humiliating annihilation to the Indian government, suggesting it is feeble and Insufficient over actualizing its plans (The Economic Times, 2011). Anand Sharma, India's business and industry Minister, then afterward a meeting from claiming the sum political gatherings with respect to 7 December 2011 said, "The choice will permit remote immediate financing previously, retail is suspended till agreement is arrived at with the greater part stakeholders " (Agrawal and Bahree, 2011). Around 19 Feb 2013 Tamil Nadu turned into the initially state in the nation on stoutly oppose MNC 'invasion' under the Domesticated retail division. Clinched alongside Chennai, Tamil Nadu CMDA powers set a seal on the Massine warehouse spreading over 7 sections of land that required reportedly been constructed for a standout amongst the world's leading multinational retail giants, Wal-mart. (Bahree, 2011). In February 2014, Vasundhara Raje headed recently chosen Rajasthan legislature turned around those prior Government's choice from claiming permitting FDI clinched alongside retail in the state. It contemplated that those wellsprings from claiming Domesticated retail would fundamentally neighborhood while global retail influences domesticated manufacturing movement and henceforth lessons chances of employment (Deccan Chronicle, 2013).

<u>Indian Grocery Retail Market in detail</u>

Grocery constitutes over 50 per cent of the Indian retail market and has an annual turnover of US $80 billion. There are estimated to be 6.5 million grocery outlets in the country in various shapes and sizes. Almost all of' these are unorganized and fragmented. The organized sector represents mere two percent of the total grocery market in India and this is concentrated in urban locality. The pressures from the consumer demand and range proliferation are impacting the grocery in urban India today.

In the past there have been sporadic efforts by the government and the co-operative sector to develop modern formats. These include discount dry grocery shops like Super Bazaar in Delhi and Shakhari Bandar in Mumbai. Numbers of traditional kirana stores are expanding to become super kiranas. New forms of stores are expanding to include consumer walk through space and allow self-service shopping with touch and feel. Food World is the best example for this, where product categories include staples, fresh fruits, vegetables, dairy, bakery, frozen products, processed food, beverages, household cleaning products and general merchandise. The other example includes Subhiksha in Chennai and Bangalore.

Given the sustained growth and development of Indian retailing, it offers myriad opportunities, which are listed here:

- Retail franchising has been growing at the rate of 60 percent in the last 3 years and is set to grow two-fold in the next 5 years.
- Grocery and food remains one amongst the largest classes of consumer outlay (75%) however account for up to 10 percent of organized retailing, representing an enormous chance for retailers. Wet groceries (fruits, vegetables and meat products) are the foremost promising class with immense untapped potential.
- There are opportunities in durable goods phase that presently has 9 % share of the trendy retail is predicted to grow to 11 % by 2013. Home furnishing is another phase that is predicted to indicate a steep rise jumping from 2 percent in 2008 to 9 percent in 2013
- Number of shopping malls is predicted to extend at a CAGR of above than 18.9 percent from 2007 to 2015.
- The retail boom that has been focused within the metros is getting to percolate down to smaller cities and towns. Retail Industry in India projected to dominate rural area by 2012 with total market share of higher than 50 percent.
- India can be developed through a source hub which can create more attractive opportunities for retail in India for global retailers. Retailers, such as Tesco, J.C. Penney, etc are stepping up their sourcing
- India is in requirements, and upgrading from buying offices from third-party to establishing completely owned/wholly managed sourcing and offices.
- Emergence of Retail Industry in to completion of free market, some claim that it is rapid climb in Indian retail economy. Some believe the expansion of Indian retail trade can take time, to grow up to 25% share organized retail probably needs (The Economist, 2011). An expected time to grow up to 25% market share is by 2021 for Indian retail industry with an estimation of over $250 billion a year growth.

Research Methodology

The collected data has been analyzed to realize the objectives of the study, which is elucidated in this chapter. Statistical Package for Social Sciences (SPSS) has been used to analyze and interpret the data collected through the tool Chi-Square test. With the help of the tools mentioned an analysis has been made which results in certain observations, finding and conclusions regarding the impact of organized retailing on the consumer buying behavior in selected districts of Chhattisgarh.

This section broadly deals with the unorganized retailers' information and opinion so as to trace the impact of growth of modern stores as felt by the unorganized retailers. The survey was conducted among 100 unorganized stores situated in selected districts of Chhattisgarh; Rajnandgaon, Raipur, Durg-Bhilai and Bilaspur unorganized retailers and are presented in the following section. Survey results for various questions are discussed in detail, before testing their hypothesis.

The Impact of organized retailing on unorganized retailers was also further analyzed by researcher by eliciting the opinion of unorganized retailers for the following questions from selected districts. The questions were close ended.
The questions were:

- What is your opinion about growth of modern store retailing?
- What is your opinion about making changes in your business?
- Did you experience any change in your business due to the emergence of modern store (On last 5 years)

Analysis and Discussion

The chi square analysis for each question is presented in the following paragraphs separately. The close answers for the questions were categorized and chi square test (for the equality of more than two population proportions) was applied to see the difference between the districts groups of owners, namely, CG-RAJ, CG-DB, CG-RAI and CG-BPR.

H_1: There is impact of organized retailing on growth of unorganized retailer's.

The hypothesis above question was asked to all the respondents and opinions were recorded. Care was taken not to intimidate and force the answers.

Table 1.1: Chi-Square Tests on Impact of organized retailing on growth of unorganized retailer's

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.918[a]	3	.000
Likelihood Ratio	27.117	3	.000
Linear-by-Linear Association	22.640	1	.000
N of Valid Cases	100		

An omnibus Pearson Chi-square analysis on 'opinion for growth' indicated that there were differences between-districts in the extent to which opinion matters in the four places (,$\chi2$ (100)= 25.918, $p < 0.000$) and thus, Cramer's V = 0.509, $p < 0.000$). To explore these differences, a series of pair-wise Chi-square tests were performed. According to the results, growth of modern retailing reported significantly more often by retailers in Rajnandgaon (56%) than unorganized retailer in Durg-bhilai (52%; $\chi2$ (50) = 1.280, p < 0. 258), and in the Raipur (20%; $\chi2$ (50) = 8.000, $p < 0.005$). Between-districts differences also emerged between Bilaspur (24%) and Durg-bhilai retailer ($\chi2$ (50) = 23.120, $p < 0.000$), and Durg bhilai and Raipur retailer ($\chi2$ (50) = 23.120, $p < 0.001$). Results of the Chi-square analyses suggest that Hypothesis H_1 is supported. Although organized retailing growth opinion from unorganized retailers of each district, and therefore it can be considered that unorganized retailers of different districts have different opinion about growth of organized retailing in Chhattisgarh.

H_2: There is impact of organized retailing to make changes in unorganized retailer's business.

Hypothesis H_2 was supported. Although change is happening in all four districts (Table 1.2), omnibus comparisons indicated between-districts differences on the frequency of opinions about making changes in their business. Results of the Pearson Chi-square test showed that opinion differed significantly between districts (($\chi 2$ (100) = 21.104, $p < 0.000$) and Cramer V = 0.459, $p < 0.000$). Comparisons indicated that there were significant differences between unorganized retailer in Durg-Bhilai (72%) and the Raipur (56%; $\chi 2$ (25) = 0.720, $p < 0.396$), Durg-bhilai and the Bilaspur (32%; $\chi 2$ (50) = 11.520, $p < 0.001$), and Rajnandgaon (76%) and the Raipur ($\chi 2$ (50) = 2.880, $p < 0.090$), Durg-bhilai ($\chi 2$ (50) = 1.280, $p < 0.258$). Unorganized retailers in CG-RAJ, CG-DB and CG-RAI mentioned this opinion significantly more frequently than CG-BPR unorganized retailers. However, the frequency between CG-RAJ, CG-DB and CG-RAI was not significantly different therefore the hypothesis is supported. Unorganized retailers opinion for changing their business into organized retailer is mentioned equally frequently in three of the four districts of Chhattisgarh.

Table 1.2: Chi-Square Tests on impact of organized retailing to make changes in unorganized retailer's business.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.104[a]	3	.000
Likelihood Ratio	23.018	3	.000
Linear-by-Linear Association	17.004	1	.000
N of Valid Cases	100		

H_3: Unorganized retailers experienced change in their business in last five years

Hypothesis H_3 was not supported (see Table 1.3). Omnibus Pearson Chi-square statistics indicated significant differences across districts on ''experience of change in business in last 5 years" by an unorganized retailer (($\chi 2$ (100) = 11.667, $p < 0.009$ and Cramer V = 0.342, $p < 0.009$). Analyses revealed significant differences between unorganized retailers in the CGRAJ and CG-RAI ($\chi 2$ (50) = .320, p < 0. .572), CG-RAI and the CG-DB ($\chi 2$ (50) = 8.000, $p < 0.005$) and with CG-BPR ($\chi 2$ (50) = 9.680, $p < 0.002$). In the CG-RAI, only 6% of the unorganized retailers said that they have experienced change in their business due to emergence of organized retailing in last 5 years, whereas 19% of the sample in CG-RAJ, and 20% of the unorganized retailers in CG-DB reported this as a noticeable aspect for their business. No other difference between-districts differences emerged.

Table 1.3: Chi-Square Tests on Unorganized retailers experienced change in their business in last five years

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.667[a]	3	.009
Likelihood Ratio	11.690	3	.009
Linear-by-Linear Association	7.425	1	.006
N of Valid Cases	100		

Findings of the study

- Indian Consumer's buying behavior changed from organized to unorganized retailing in last 3 to 5 years which can be slightly found in the consumers of Chhattisgarh also.

- Of the 100 samples, it is observed that the majority of respondents (owners of unorganized retail outlets) belong to the age group of 30-39 years. It is apparent from this that unorganized retailing is dominated by people of middle age group and majority of them has already been in this business for more than 10 years. With a major 25% entering the scene of traditional retailing within the last 5 years, it could be inferred that the traditional retailing still remains the forte of older age group who have been in this business for long. This is due to following:-

- The older business format generation involved in the traditional retailing is unaware of the advantages of an organized retail outlet and its future growth prospects.

- The traditional retailer still believes that there is enough scope and room for them to survive despite entry of organized retailers, probability due to his confidence in strong loyalty of local consumers and meeting their specific needs.

- The traditional unorganised retailers of Rajnandgaon and Durg – Bhilai feel that super market is the way to future and hence they should change with the modern time. Further, majority of them plan to continue with their current business. From these observations it could be inferred that while they intend to continue with their traditional approach, they do accept that they need to modernize. This is also suggestive of the confidence they have in the traditional format and its future prospects which is based on their strong faith in loyal consumer's base and their personal relationship with the consumers. Even with the entry and expansion of organized retail formats, the traditional retailers believe that their traditional form will survive. An earlier study by Sinha and Banerjee, 2004 supports the above finding. According to them, the major drivers for choosing a grocery store in India seem to be nearness to place of residence and the comfort level that the respondents has in dealing with the store owner (measured in terms of personal relationship with the shopkeeper).

- It has been observed that among all, three districts (CG-RAJ, CG-DB and CG-RAI) unorganized retailers want change their business into organized retailing business. Major reason given for this change by unorganized retailers is due to competition from organized retailer. Hence, it can be concluded from this that there is emergence of organize retailing in Chhattisgarh. Though this emergence was found in unorganized retailer businesses in last 5 years.

- In a finding it is stated that Product and Price are the major Reasons experienced by Unorganized Retailer for emergence of organized retailing. The second most is Place (Store Design, layout and display, location, parking facility etc.) and the third impacting is Promotion (Advertising, Sales Promotion, Direct Marketing etc.) as major reason. There are very less difference in the reason opted by retailers.

Conclusion

Indian Organized retail market is at preliminary stages with high growth prospects due to penetrating lower level and large opportunities in large area of uncontrolled market. The benefits of leveraging this untapped market lie in offering appropriate value to Indian consumers. An in-depth understanding of consumer behavior as well as improvement in system-wide efficiency and productivity in the present market condition is required among retail managers and academicians for betterment of both large and small retailers of India. . This is because, both large and small retailers can and should coexist to serve different consumer segments and needs, and to contribute in complementary ways to the economic development of the country. The researcher has also attempted to draw an analogy between the findings of this study on other emerging districts of Chhattisgarh considering the homogeneity of consumers and retailers in these districts.

Further the study was aimed at establishing the impact of entry of organized retailer on traditional unorganized retailers. The impact has been studied with respect to the buying behavior of retail consumers in Chhattisgarh. To facilitate the study survey was conducted on 100 unorganized retailers from four districts of Chhattisgarh using simple random sampling method. The results also indicate that there is clear distinct space for Organized and Unorganized retailers to operate in a city like Chhattisgarh. Despite the fact that the consumers for unorganized retailers remain faithful on them, they backing that perspective from claiming opening up about new vast composed retail outlets.

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