

Impact of Corporate Retailing on Consumers and Small Traders in Salem and Namakkal District

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Abstract

Liberalization of economy in the nineties and entry of large players in the retail business have brought the Indian retail industry into spotlight. The organized retail sector has been witnessing winds of changes in the last couple of years. Malls and large-size department stores have become a fixture in the urban landscape across the country.¹ With some 15 million retail outlets, India has the highest retail density in the world. Thus, India is popularly referred to as “nation of shopkeepers”. However, only 4 per cent of these outlets are more than 500 square feet in size. In the name of retailing, the unorganized retailing has dominated the Indian landscape so far. Traditionally it was a family's livelihood, with their shop in the front and house at the back, while they run the retail business. With rapid urbanization, and changing patterns of consumer tastes and preferences, it is unlikely that the traditional outlets will survive the test of time. Despite the large size of this market, very few large and modern retailers have established specialized stores for products.

Key Words: Retailing, corporate retailing and corporate retail outlets.

1. Introduction

The Indian retail sector is now among top five fastest growing markets globally and is witnessing a huge revamping exercise as traditional markets make way for next formats such as departmental stores, hypermarkets, supermarkets and specialty stores. India's vast middle class and its almost untapped retail industry are key attractions for corporate giants wanting to enter into this newer market. As Indian retailing is witnessing rapid transformation in different areas of business by using ascendable and gainful retail models across different categories, consumers started accepting the modern retail irresistibly. Large retailers feel bigger outlets are good for the country and stakeholders like farmers, vendors, small retailers or consumers. But all stakeholders except the consumer feel otherwise. Big retailers are very keen that the government allows foreign retailers to invest or buy majority stake in their companies, something that has sparked widespread protests from local traders. The study conducted by the Indian Council for Research on International Economic Relations concluded the growth of organized retail headed by large corporations does not significantly impact small mom and pop retailers.

2. Statement of the Problem

The emergence of new trends in retailing is a significant event in the Indian marketing scenario. Besides, the Indian retail scene has witnessed too many players in too short a time, crowding several categories without looking at their core competencies or having a well thought out branding strategy. The most important debate concerning the implications for the expansion of the organized retailing in India revolves around whether it is going to have positive impacts on the economy as a whole as compared to the traditional unorganized form of retailing. However, India still predominantly houses the traditional formats of retailing. Traditional retailing has been deep rooted for the past few centuries and enjoys the benefits of low cost structure, mostly owner-operated, therein resulting in less labour costs and little or no taxes to pay.

The growth of corporate retailing is having a direct bearing on marketing environment and changes in the marketing system. The corporate retailers started attracting in the name of promotion, not only high class people but also middle class and lower middle class with some entertainments and fun to have along with shopping and also showing some attractive offers and benefits. So people started flowing towards the corporate retail shops. The most appealing argument in favor of the entry of the corporate in the retail market is that the "consumer will benefit". The changed shopping outlets are seeing success due to fair pricing, large assortments, supported by large moving spaces, self-services, free packing, and the idea of getting everything under one roof has conquered customers. Today's price sensitive, time-starved customers are looking not only for the best deal but also a convenient and user friendly shopping experience at corporate retail outlets.

3. Objectives of the Study

The study has the following objectives

- To examine the impact of corporate retailing on consumers in Salem and Namakkal district.
- To study the growth and progress of retailing in India.
- To review the retail operations of the select corporate retail outlets in Salem and Namakkal district.
- To assess the impact of corporate retail outlets on the consumers in Salem and Namakkal district.
- To offer suitable suggestions for the effective functioning of corporate retail outlets in Salem and Namakkal district based on the findings of the present study.

4. Testing of Hypotheses

The following null hypotheses were formulated and tested.

H₀₁: There is no significant association in the satisfaction levels of the consumers belonging to different socio-economic profiles towards working of corporate retail outlets in Salem and Namakkal district.

H₀₂: There is no significant difference between the average amount spent per purchase by the consumers at the unorganized retail outlets and corporate retail outlets.

H₀₃: There is no significant relationship among the acceptance levels of the consumers belonging to different demographic profiles towards impact of corporate retail outlets in Salem and Namakkal district.

H₀₅: There is no significant relationship in the perceived impact of small traders belonging to different socio-economic and business profiles towards corporate retail outlets in Salem and Namakkal district.

5. Scope of the Study

The present study attempts to examine the impact of corporate retailing on consumers and small traders in Salem and Namakkal district. This study is confined to five major retail segments namely, food and grocery, fashion and accessories, footwear, pharmaceuticals and electronics. These five retail segments cover nearly 70 per cent of retail business in recent years. The present study is restricted to five corporate retailers, namely Reliance Fresh, Pantaloon, Khadim's, Apollo Pharmacy and Viveks. In the present work, the most common aspects namely, consumers' motivating factors to prefer corporate retail outlets, their satisfaction level with the working of corporate retail outlets, and the perceived impact of the consumers and small traders towards corporate retail outlets are mainly emphasized.

Sampling Design

For consumers, multi-stage sampling technique is adopted. At the first stage 5 corporate retailers i.e. Reliance Fresh (Food and Grocery), Pantaloon (Fashion and Accessories), Khadim's (Footwear), Apollo Pharmacy (Pharmaceuticals)

and Viveks (Electronics) were selected. In the second stage, from each retail category one retail outlet were selected. In the final stage, from each of the selected retail outlet by adopting quota sampling, 100 consumers were selected. Thus, the sample consists of 500 consumers from 5 retail outlets of 5 corporate retailers. The following table shows the sampling distribution of the consumers.

Table 1: Sampling Distribution

S. No.	Name of the Corporate Retailer	Samples	
		No. of Retail Outlets	No. of Consumers
1.	Reliance Fresh	1	100
2.	Pantaloon	1	100
3.	Khadim's	1	100
4.	Apollo Pharmacy	1	100
5.	Viveks	1	100
Total		5	500

For small traders, by using non-probability sampling, 150 respondents i.e. 30 small traders from above mentioned each retail category was taken, with the criterion that these outlets must be operating within a five kilometre radius of select corporate retail outlets.

Tools for Data Collection

The present study is empirical in character, based on survey method. The first-hand information for this study was collected from the select corporate retail outlets. As an essential part of the study, the primary data were collected from 500 consumers with the help of exit interview. Taking into consideration the objectives of the study, two types of interview schedules i.e. one for consumers and another for small traders were constructed based on Likert scaling technique.

Period of Study

As an essential part of the study, the primary data were collected for a period of 5 months from April 2017 to September 2017.

Demographic Profile of the Respondents

The demographic profile of the respondents such as gender, age, education and years of experience is given in Table 2.

Table 2: Demographic Profile of the Small Traders

	Demographic Profile	No. of Respondents	PERCENTAGE
Gender	Male	132	88.00
	Female	18	12.00
Age (in years)	Upto 30	21	14.00
	31-40	42	28.00
	41-50	53	35.33
	Above 50	34	22.67
Education	Upto S.S.L.C	50	33.33
	H.Sc	20	13.33
	Diploma/ITI	29	19.33
	Degree	33	22.00
	Postgraduation and above	18	12.00
Experience (in years)	Less than 5	69	46.00
	6-10	23	15.33
	11-15	23	15.33
	Above 15	35	23.33

Source: Primary Data

Out of 150 respondents, 88 per cent are male and 12 per cent are female. A good majority of the respondents (35.33 per cent) are dispersed in the age group 41-50 years. 14%, 28% and 22.67% of the respondents are dispersed in the age group up to 30 years, 31-40 years and above 50 years respectively. The predominant literacy group (33.33 per cent) of the respondents has S.S.L.C qualification. 13.33 per cent of the respondents have H.Sc qualification. 19.33 per cent of the respondents have studied Diploma/ITI. 22 per cent and 12 per cent of the respondents have degree, and post graduation and above qualifications respectively. Besides, 46 per cent of the respondents have up to 5 years of experience in retail business. 15.33 per cent and 15.33 per cent of the respondents have 6-10 years and 11-15 years of experience respectively. 23.33 per cent of the respondents have above 15 years of business experience.

Respondents' Level of Acceptance towards Attributes of Corporate Retail Outlets

Statement	LEVEL OF ACCEPTANCE	Total	Mean Score				
	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree		
Corporate retailers offer products in more varieties	38 (25.33)	28 (18.67)	17 (11.33)	59 (39.33)	8 (5.33)	150 (100.00)	3.19
Corporate retailers have cheaper priced products	28 (18.67)	21 (14.00)	31 (20.67)	47 (31.33)	23 (15.33)	150 (100.00)	2.89
Corporate retailers' customers are different from other outlets	51 (34.00)	4 (2.67)	8 (5.33)	65 (43.33)	22 (14.67)	150 (100.00)	2.98
Corporate retailers bring more customers	41 (27.33)	25 (16.67)	14 (9.33)	55 (36.67)	15 (10.00)	150 (100.00)	3.15
Presence of corporate retailers makes small traders work harder	22 (14.67)	32 (21.33)	31 (20.67)	59 (39.33)	6 (4.00)	150 (100.00)	3.03
Corporate retailers are the main competitors to the unorganized retail outlets	42 (28.00)	15 (10.00)	20 (13.33)	59 (39.33)	14 (9.33)	150 (100.00)	3.08
Small retail outlets have problems because of entry of too many corporate retailers	17 (11.33)	29 (19.33)	41 (27.33)	46 (30.67)	17 (11.33)	150 (100.00)	2.89
Corporate retail is promoting local economy	15 (10.00)	29 (19.33)	38 (25.33)	58 (38.67)	10 (6.67)	150 (100.00)	2.87
Corporate entry makes the supply chain more efficient	21 (14.00)	22 (14.67)	50 (33.33)	45 (30.00)	12 (8.00)	150 (100.00)	2.97
Corporation led shops sell cheap, thus consumers save money by shopping there	8 (5.33)	31 (20.67)	58 (38.67)	51 (34.00)	2 (1.33)	150 (100.00)	2.95
Corporate retail throw away middlemen	5 (3.33)	29 (19.33)	61 (40.67)	38 (25.33)	17 (11.33)	150 (100.00)	2.78
Overall	26 (17.33)	24 (16.00)	34 (22.67)	53 (35.33)	13 (8.67)	150 (100.00)	2.98

Source: Primary Data

It is inferred from the above table that majority of the respondents indicate that they disagree (35.33%) with the attributes of corporate retail outlets, followed closely by neither agree nor disagree (22.67%) and strongly agree (17.33%). 16% and 8.67% of the respondents agree and strongly disagree respectively with the attributes of corporate retail outlets. The average acceptance score

reveals that the respondents have higher acceptance level towards product offerings in more varieties by the corporate retail outlets (3.19), followed by bringing more customers (3.15). On the other hand, the respondents have lower acceptance score (2.78) towards throw way of middlemen by the corporate retail outlets.

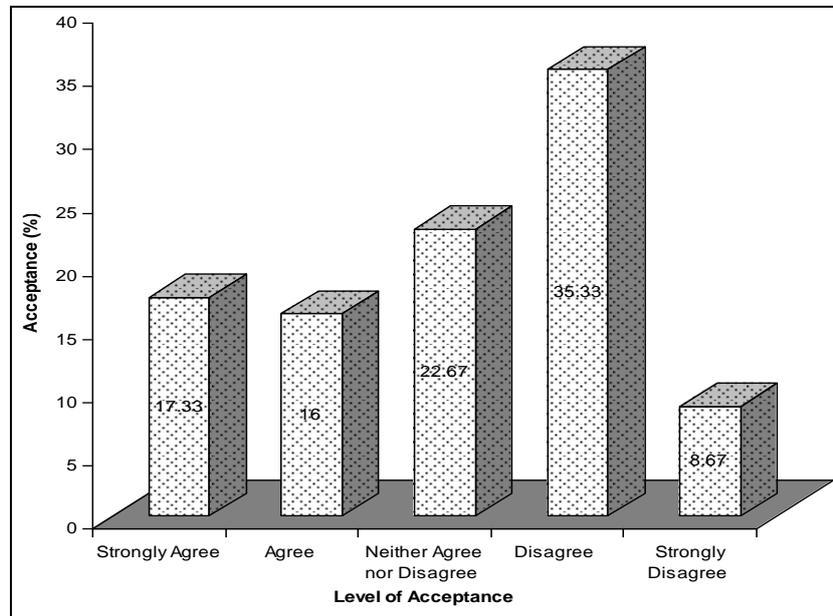


Figure 1: Respondents’ Level of Acceptance towards Attributes of Corporate Retail Outlets

6. Findings

The findings of the study are given under two heads, namely perception of the consumers and perception of the small traders.

Perception of the Consumers

1. Out of 500 respondents, 54.60 per cent are male and 45.40 per cent are female. The predominant age group of the respondents is (32.80 per cent) upto 25 years. A good majority of the remaining respondents (22.20 per cent) are dispersed in the age group 26-35 years. 11.40%, 18.40% and 15.20% of the respondents are dispersed in the age group 36-45 years, 46-55 years and above 55 years respectively.
2. The predominant literacy group (26.60 per cent) of the respondents has H.Sc qualification. 13.60%, 6.40%, and 9% of the respondents are uneducated, have primary education and S.S.L.C qualification respectively. 22.80 per cent of the respondents are graduates and 21.60 per cent have postgraduation and above qualifications.
3. 33.20 per cent of the respondents are businessmen, 17.20 per cent are employed, 24 per cent are professionals, 17.20 per cent are

- agriculturists, and 8.40 per cent of the respondents are students and housewives.
4. Out of 500 respondents, 34%, 24.40%, 10.40%, 16.60% and 14.60% of the respondents are dispersed in the monthly household income range upto Rs.15000, Rs.15001-25000, Rs.25001-35000, Rs.35001-45000 and above Rs.45000 respectively.
 5. 29.20 per cent of the respondents have family members 1 and 2, 19.40 per cent have 3 and 4 family members, 32.20 per cent have 5 and 6 family members and 19.20 per cent of the respondents have above 7 family members.
 6. 55.40 per cent of the respondents belong to nuclear family pattern and 44.60 per cent of the respondents belong to joint family pattern. Out of 500 respondents, 57.80 per cent are married and 42.20 per cent of the respondents are unmarried. 53.60%, 25.80% and 20.60% of the respondents belong to Hindu, Muslim and Christian religions respectively.
 7. 100 consumers each from Apollo, Khadim's, Pantaloons, Reliance Fresh and Viveks corporate retail outlets located in Salem and Namakkal district were selected for this study.
 8. Price, quality of products, more variants and one stop shopping are the factors influencing the respondents to prefer corporate retail outlets at 40.20%, 42.80%, 46.40% and 53.60% respectively. 59.60%, 60.20%, 65.40% and 66.20% of the respondents prefer corporate retail outlets because of availability of more brands, service quality, freedom in choosing brands and customer relationship respectively.
 9. Respondents ranging from 20.40 per cent to 33 per cent are aware of corporate retail outlets through newspapers and magazines; notices, pamphlets and leaflets; posters, banners and hoardings; and advertisements in radio. 38.60%, 41.60% and 44.20% of the respondents are aware of corporate retail outlets with the help of advertisements in television; internet; and friends, neighbours and relatives respectively.
 10. Out of 500 respondents, 44.44 per cent of the respondents belong to less than 3 km distance from the corporate retail outlets. 27.80 per cent and 14.80 per cent of the respondents belong to 3 km to 6 km distance and 6 km to 9 km distance respectively from the corporate retail outlets. 13 per cent of the respondents belong to above 9 km distance from the corporate retail outlets.

Perception of the Small Traders

1. Out of 150 respondents, 88 per cent are male and 12 per cent are female. A good majority of the respondents are dispersed in the age group 41-50 years. 14%, 28% and 22.67% of the respondents are dispersed in the age group upto 30 years, 31-40 years and above 50 years respectively.

2. The predominant literacy group (33.33 per cent) of the respondents has S.S.L.C qualification. 13.33 per cent of the respondents have H.Sc qualification. 19.33 per cent of the respondents have studied Diploma/ITI. 22 per cent and 12 per cent of the respondents have degree, and postgraduation and above qualifications respectively.
3. 46 per cent of the respondents have upto 5 years of experience in retail business. 15.33 per cent and 15.33 per cent of the respondents have 6-10 years and 11-15 years of experience respectively. 23.33 per cent of the respondents have above 15 years of business experience. Besides, 75.33 per cent of the retail outlets were started by the sample small traders, 12 per cent were instituted by their parents and 12.67 per cent of the retail formats were established by their forefathers.
4. Out of 150 respondents, 20%, 20%, 20%, 20% and 20% of the respondents deals in pharmaceutical, footwear, fashion and accessories, food and grocery, and electronics products respectively.
5. 29.33 per cent of the respondents positioned their shops at large shopping complexes, 8.67 per cent of the shops are situated at popular big shopping malls, and 22.67 per cent are located at local neighborhood. 11.33 per cent and 15.33 per cent of the retail shops are so called market popular special product and stand alone respectively. Besides, 12.67 per cent are roadside shops/street hawkers.
6. Out of 150 respondents, 82.67 per cent of the respondents are engaged in the retail business and 17.33 per cent of the respondents are engaged in retail cum wholesale business. About 40 per cent of the retail shops are positioned at a space below 200 sq. ft, 14.67 per cent of the shops are sited at 201-300 sq. ft. and 28.67 per cent of the shops are placed at a space of 301-400 sq. ft. 16.66 per cent of the retail shops are found at a space of more than 400 sq. ft.
7. In regards to investment, 18 per cent of the traders have invested less than Rs.2 lakh in their business, 21.33 per cent have invested Rs.2 lakh-4 lakh and 37.33 per cent of the respondents have invested Rs.4 lakh-6 lakh. 23.33 per cent of the respondents have made an investment of Rs.4 lakh-6 lakh in their business.
8. Out of 150 respondents, majority of the respondents are dissatisfied (32%) with their present business, followed closely by neither satisfied nor dissatisfied (24%) and highly dissatisfied (22%). 15.33% and 6.67 per cent of the respondents are highly satisfied and satisfied respectively with their present business in Salem and Namakkal district.
9. Majority of the respondents indicate that they disagree (35.33%) with the attributes of corporate retail outlets, followed closely by neither agree nor disagree (22.67%) and strongly agree (17.33%). 16% and 8.67% of the respondents agree and strongly disagree respectively with the attributes of corporate retail outlets. The

average acceptance score reveals that the respondents have higher acceptance level towards product offerings in more varieties by the corporate retail outlets (3.19), followed by bringing more customers (3.15). On the other hand, the respondents have lower acceptance score (2.78) towards throw way of middlemen by the corporate retail outlets.

7. Suggestions

Though the growth rate of corporate retailing is very high, it is facing stiff competition from unorganized retail formats. Besides, rising prices of real estate, high cost of trained and skilled manpower, and complicated tax structure make things tough for corporate retailing. Despite all pros and cons, there is an ample opportunity for corporate retailing. Based on the perception of the consumers and small traders, the following suggestions are given for effective functioning of corporate retail outlets.

1. Corporate retailers benefit only when consumers perceive their stores brands to have consistent and comparable quality and available in relation to the branded products. Private labels play an important role here, in bridging the gaps like special and desired price points, exclusivity and regional tastes. A private label can add significant value when it is well recognized and has built positive association in the minds of the consumers. Therefore, the select corporate retailers have to provide more assortments for private label brands to compete with suppliers' brand.
2. Corporate retailers can reduce the perception of waiting, without necessarily reducing the actual wait. They can make outlets by displaying merchandise to change customers' perceptions of waiting. Besides, they can enhance the store atmospherics through visual communications, lighting, colours and odors. Therefore, the select corporate retailers have to give more emphasis on display visual merchandising, lighting, signages and specialized props. The merchandise presentation ought to be very creative and displays are often on non-standard fixtures and forms to generate interest and add on attitude to the merchandise.
3. The message conveyed to the target consumers must be effective enough in differentiating the retailers offering from that of their competitors. The main purpose is to inform the target consumers about the offering of the retailers, persuade them to visit the retail outlets and remind them about the retailers. Therefore the corporate retailers can create awareness about the offering among the target consumers in a number of ways such as advertising, buzz market, celebrity endorsement, and use of print media, press releases, and viral marketing. Once the message is conveyed, the corporate retailers must add a personal touch to their message by carrying out door-to-door campaign in order to reinforce the message.

4. The select corporate retailers should train their employees to be cooperative with the consumers as this is found to be the major problem faced by the consumers in the select corporate retail outlets.
5. As people expect, good quality products at reasonable price, the corporate retailers shall offer products at reasonable price with good quality. New products, aggressive retail mix as well as everyday low pricing strategy can be the strategy to get edge over suppliers' brand.
6. The select corporate retailers must ensure that sales personnel have sufficient knowledge of the products offered, and also must be capable of handling complaints. They must also exhibit willingness to handle returns, and should be available for advice or clarification. Overall, corporate retailers must ensure courteous behaviour of sales personnel. Well mannered and helpful staff can always lead to store patronage decisions.
7. In an age of quick services, technology is a necessary ingredient for success of any retail outlet. Consumers would prefer to visit such outlets that would provide prompt and error-free billing services. Retailers may adopt different technologies to manage faster billing. Therefore, the select corporate retailers should work on having multiple payment options like cash, credit cards, debit cards, and so on to facilitate customers.
8. The select corporate retailers shall provide sufficient parking facility to meet out the requirements of the consumers in the light of securing more business prospects and retaining the valuable consumers forever.
9. In order to appeal to all classes of society, corporate retailers would have to identify with different lifestyles and socio-economic strata of the consumers and respond to their respective requirements and shopping patterns. So as to satisfy the consumer needs, the corporate retailers must have a thorough understanding of how consumers make store choice and purchase decision. Perceptual mapping of the consumers provides some valuable insights into the process and therefore is useful for the store management decision making. For this purpose, the select corporate retailers shall update database at least for high-valued consumers.
10. The modern retail is essentially looking out for more space for expansion. The availability of the main space would definitely enable the select corporate retailers to deliver better quality services to the consumers, resulting in increase in operational efficiencies and reduction in supply chain costs. It will overcome the problem of inconvenient location of stores.

8. Conclusion

The attitudinal shift of the Indian consumers and the emergence of organized retail formats have transformed the face of retailing in India. With the sign of reemergence of economic growth in India, consumer buying in retail sector is being projected as a key opportunity area. As a consequence, Indian corporate houses are refocusing its strategic perspective on retail marketing with the idea to use resources optimally in order to create core competence and gain competitive advantage. The emergence of corporate retailing in the retail market scene is very significant in the recent past. In the present study the focus has been given completely on this segment and its impact on consumers and small traders. The results of the study reveal that absence of private label brand, inadequate visual merchandising, poor reply on enquiry, inadequate advertisement, poor co-operation of the staff, higher price, incompetent sales personnel, undue delay in billing, inadequate parking facility, absence of customer database and inadequate sales promotion are the problems of the consumers with the corporate retail outlets. Besides, majority small traders are dissatisfied with their present business due to stiff competition from the organized retailing. Based on the results of the surveys, the study has made a number of specific policy recommendations for effective functioning of the corporate retailers and for strengthening the competitive response of the small traders. If this study provokes the people concerned to take some positive measures in order to improve it, the researcher will feel amply rewarded.

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