

DOMINANCE OF UNORGANIZED RETAIL IN INDIA

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ABSTRACT

This paper discusses about the existence of unorganized retailing in INDIA. It identifies and examines the dominant role of unorganized retailing in India with respect to the goods of daily and regular consumption. It studies the opportunities and challenges of unorganized retail v/s organized retailing. This paper also examines the attitude of consumers' towards unorganized retail in the era talking about organized retail.

I INTRODUCTION

INDIA is strong in its roots for retailing since ancient times. We experienced barter system which was displayed to exchange of goods and services of need among people desirous of exchange for their mutual need. Today, we all are enjoying the period of modern retail. In between the period of ancient times and modern retail, there exists 'Kirana Stores' form of retail which is most dominating and have strong roots in the country, which is also called the unorganized retail. We find number of kirana stores within a single locality and this is the subject matter across India. The retail industry in India is highly fragmented and unorganized. Retailing in India is mostly done through family-owned small stores with limited merchandise.

Retailing is one of the pillars of Indian economy and with increasing percentage in GDP. India is one of the fastest growing retail markets in the world, with 1.2 billion people. In the twentieth century, infusion of western concepts brought about changes in the structure of retailing.

According to a survey by AT Kearney, an overwhelming proportion of the Rs. 400,000 crore retail markets are unorganized in India. In fact, only a Rs. 20,000 crore segment of the market is organized. The sector is highly fragmented with 97% of its business being run by the unorganized retailers like the traditional family run stores and corner stores. Retailing in India is still dominated by Mom-n-Pop Stores. On the other hand, organised retailing is significantly taking its place in India and concerns have been raised that organised retail will soon replace the unorganized retailing in India.

II REVIEW OF LITERATURE

M. Joseph et. al. (2008) evaluated the impact of organized retailing on different segments of the economy. The results of the study are based on the survey of unorganized retailers (the so-called “mom and pop stores”), consumers, farmers, intermediaries, manufacturers, and organized retailers.

S. P. Thenmozhi and D. Dhanapal (2011) identified the Retail service quality factors and explores the impact of Retail Service Quality on Customer satisfaction and loyalty in unorganized retail outlets. The study was conducted at selected kirana stores of Tamilnadu in India. The study analyzed the relation between demographic profile of the consumers and their perception on quality of service in retail.

Tazyn Rahman (2012) found that organized retailers face competition from the unorganized sector as the strongest and biggest challenge.

H. Gupta et. al. (2012) the broad objective of the study was to understand consumer behavior towards organized and unorganized retail stores and to find out the consumers satisfaction level from organized retail stores as well as unorganized retail stores.

Most of the studies conducted in the field talked about the comparison between organized retail sector and unorganized retail sector in India and impact of one over the other. Hence based on the research gap, the present study focuses on the dominance of unorganized retail sector within a dynamic environment of organized retail giving strong competition to the sector.

III OBJECTIVES

1. To study the concept of unorganized retail in India.
2. To find the reasons for dominant role of unorganized retail.
3. To know opportunities and challenges in Unorganized Retail sector in India.
4. Attitude of Consumers' towards Unorganized Retail v/s Organized Retail.

3.1 Why Organized Retail Sector is Dominating in India?

Since the era of barter system, unorganized retail or more prominently ‘Kirana Stores’ and ‘Mom n Pop’ Shops as well as ‘Thadi Walas’ has been the simplest ways of self employment. With the population of about 68% in rural areas, due to less education and with no specific skills, unorganized retail is still the most conveniencing mode of

employment in concerned areas. In the recent days, where the concept of organized retail arises unorganized retailing still comprises more than 90%.

3.2 The Reasons for Unorganized Retail Sector Domination In India

In small villages, towns, and urban areas, there are large number of families who are still using these *kirana* shops/ 'mom and pop' stores offering a wide range of merchandise mix.

These kirana shops have their own management system and they are satisfying the daily needs of the consumer efficiently.

Unorganized shops like kirana stores maintain a strong customer relation and support which is the most strongest point of satisfaction with the sector to compete with organized retail.

In a country like India with a population of about 68% in rural areas, most of the persons working on daily rate basis and at the end of the day, to satisfy their needs, they come to this small retail shop to purchase wheat flour, rice etc for their supper. As they purchase in very small quantity, these shops can only satisfy their wants and not the big and new organized supermarkets.

Unorganized retail sector is also promising for the people having low income or work season to season as this sector can only provide the essentials on credit basis.

In addition, kirana shops or mom n pop stores or thadi walas can be found at every corner of the country. They can be found in every colony and on every road in city or in villages too as distance and convenience matters for the customers.

This sector can run with low costs and in turn they can offer the utilities at a very affordable and reasonable cost.

IV OPPORTUNITIES AND CHALLENGES OF UNORGANIZED RETAIL IN INDIA

4.1 Opportunities

- India's booming economy is a major source of opportunity with rise in purchasing power.
- Still about 68% of the population lives in rural areas in small villages.
- Increase in spending to value their living standard is another power to work as an opportunity.
- With an increase in population every year, we can expect more of consumption opportunities.
- Increasing population with couple working results in spending power.
- Weekly markets as a form of unorganized retail has strong roots in the country attract even the urban people too.
- Customers are having every product of need in close reach with Improved infrastructure and transportation.

4.2 Challenges

- Cut-Throat Competition from organized retail.
- FDI in Organized Retail.
- Lack of capital.
- Lack of Store Space.
- Lack of Stock Management System and Supply chain.
- Lack of Retailing Skills.
- Customers preference shifting to organized retail.

V ATTITUDE OF CONSUMERS TOWARDS ORGANISED RETAIL V/S UNORGANIZED RETAIL

This part of the study is supported by a primary survey from the market taking respondents from both the sectors of retail to understand their behavior towards shopping with organized and unorganized retail.

The study is carried out in urban part of Jaipur. The consumers visiting Malls for their shopping needs & Kirana shops in the city were the target respondents.

The researcher has applied convenient sampling technique for the survey. Here Non-Probability convenient random sampling technique based on judgment of the researcher has been used for the purpose of data collection.

Respondents surveyed for the study are 300 in numbers. The study focused on limited number of issues due to lack of time.

5.1 Demographic Profile of the Respondents

Particulars	No. of Respondents
Gender:	
Male	172
Female	128
Age Group:	
21-30	124
31-40	76
41-50	42
51-60	38
60 above	20
Income Group (per month):	
15K – 25K	173

25K – 35K	87
35K above	40
Occupation:	
Student	47
Self Employed	69
Salaried (working)	184

5.2 Purchase from Organized Retail

Window Shopping	128
Actual Purchase	300 (172+128)
Only for Purchase	172

The findings of the study reported that although all the customers have purchased something or the other from organized market but almost 128 respondents out of 300 visited organized retail like malls and supermarket for window shopping also which is not a possibility in unorganized retail.

5.3 Multiplicity of Purchase

Organized Retail	300
Unorganized Retail	300

It is observed that all the respondents purchase from organized retail but they are also the users of unorganized retail simultaneously.

5.4 Preference of Purchase

Organized Retail	97
Unorganized Retail	203

Almost 67% of respondents prefer unorganized retail for their purchase.

5.5 Customer Value

Organized Retail	84
Unorganized Retail	216

72 % of the Respondents find more customer value with unorganized retail due to lot of factors associated like home delivery, easy exchange, replacement, refund and credit facility.

5.6 Comfort and Convenience

Organized Retail	57
Unorganized Retail	243

It is also observed that almost 81% of the respondents find more comfort and convenience with unorganized retail still.

VI INTERPRETATION OF THE PRIMARY STUDY

Organized retail is in the air of Indian Economy today. Government is also opening roots for organized retail through FDI. On the other hand, one should not forget the dominance of unorganized retail. The study data revealed the facts about the dominance of unorganized retail only. Most of the respondents prefer to purchase from unorganized sector only due to easy availability of products, more comfort and convenience. They prefer unorganized retail for the factors like credit facility, easy exchange and replacement, easy refund if they don't find products worthy, home delivery, strong customer relationship, etc. Thus we can say that in the changing era of organized retail, unorganized retail is still dominant.

VII CONCLUSION

The study focused on understanding of unorganized retail sector in India. This study has brought insights into importance of unorganized retail sector in India and will help unorganized retailers to frame strategies to face the opportunities and challenges in this sector. Also the organized retailers can take help of the study to understand the significance of the factors which still makes the unorganized market dominant and help organized market and marketers to draft strategies to win the customers.

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4th International Conference on Science, Technology and Management

India International Centre, New Delhi

15th May 2016, www.conferenceworld.in

(ICSTM-16)

ISBN: 978-81-932074-8-2

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