IMPACT OF ORGANISED RETAILING IN RURAL AREA – A CASE STUDY OF THRISSUR DISTRICT

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Abstract: The study on the impact of retailing in Kerala focused on the Madakkathara and Vilvettam panchayats of Thrissur district .The study depends mainly on primary data and collected through a structured schedule from the selected rural retailers.. The data collected were analysed with the help of percentages, rank order scales and indices.

The study indicates that, purchasing behaviour, expenditure pattern and selection of the retail outlet of the rural consumers were transformed. The freedom to see, and select the product themselves by the customer also attract people to had their purchase from organised retail outlets. The better quality of the products, cleanliness condition of the store and reasonable prices had attracted even the minor section of the society towards organised retail shops, on the other hand familiarity with the shopkeeper, credit availability and proximity of the store were the major reasons for preferring rural unorganised retailers.

Keywords: Retailing , unorganised retailers marketing strategies organised retailing

Introduction: The word 'reail' is derived from the French word 'retaillier' meaning 'to cut a piece off' or 'to break a bulk'. Retailing is the set of activities that market products and services to final consumers for their own personal or house hold use. A retailer is a person, agent, a company, or an organisation who is instrumental in reaching the goods or merchandise or service to the end user or ultimate consumer. The retail industry is divided in to organised and unorganised sectors

The retailing is a largest industry in the global economy it is going through a transitional phase with the spread of organised retailing. In Indian retail industry has strong linkages with the economic growth and development of the economy. Liberalization of the economy, rise in per capita income, improved infrastructure, growing consumerism, retail attributes and effective marketing strategies of the retailers are the significant factors for the development of retailing in India. Realising the potential of Indian retailing, major national and multinational corporates have opened their showrooms and outlets in the country.

Statement of the problem: 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. McKinsey& Company's report estimates (PranahBarua 2012) that in India organised retailing accounts for less than 5 per cent of today's market, but it is expected to expand to anywhere between 14 per cent and 18 per cent by 2015 and it has overall positive impacts in terms of generating employments, productivity, efficiency, higher tax income and it could result in lower consumer prices .In this industry, there might be a strong competition by the introduction of FDI's

organized retail shops in metro cities, but it might not have much impact in the rural and semi-urban areas. So there exists a chance for the organised retailers to give more importance to semi-urban and rural areas. .

Retailing is much more relevant subject as Kerala is known as a consumer state rather than a producer state. Similar to the national scenario, Kerala is also characterised by majority of unorganised retailers. In Thrissur modern retailing is a big business and revenue earner for the city, jewellery and textile retailing occupies a major part of this retail sector. When considering the grocery and FMCG sectors in Thrissur, it was confined to organised retailers supermarkets and unorganised retail shops. Due to the entry of MNC's into the retailing sector it has become more competitive.

Objectives
- To Find out the impact of organised retailing on rural unorganised retailers and
- To analyse strategies used by rural unorganised retailers to compete with organised retailers

Methodology: Madakkathara and Vilvettam panchayats of Thrissur district were the locations of the study. A sample of 10 rural unorganised retailers were selected from each selected panchayats using random sampling. Thus the total samples consist of 20 rural unorganised retailers. Data were analysed by using statistical tools like Frequency tables, percentage, indices and rank order scale were used in analysing the data.

Results And Discussions: The retailing is a largest industry in the global economy it is going through a transitional phase with the spread of organised retailing. In Indian retail industry has strong linkages with the economic growth and development of the economy. Liberalization of the economy, rise in per capita income, improved infrastructure, growing

consumerism, retail attributes and effective marketing strategies of the retailers are the significant factors for the development of retailing in India. Realising the potential of Indian retailing, major national and multinational corporate have opened their showrooms and outlets in the country. The retailing boom is being driven by increased expectations as well as changing shopping behaviour of the urban Indian consumer. Increasing number of nuclear families, working women, greater work pressure and increased commuting time, longer hours and multiplicity of choice are the major factors for the development of organised retailing. The traditional retailers exist in the market with advantages of proximity to the shop, credit facility provided and familiarity with customers. Hence, here an attempt to study the impact of organised retailing in rural area.

Impact of organised retailing on rural unorganised retailers: The growth of the organised retailing raised a competition amongst the rural unorganised retailers. The better quality products, new and variety products availability, good shopping environment and the reasonable price were attracted the customers towards organised retailers. Thus the section is an attempt to study the impact of organised retailing on rural unorganised retailers.

Type of the rural retail shops: The study revealed that the whole rural unorganized retail shops were sole proprietorship. This shows the small size of the shop and limited transactions. So that, one person can manages the whole business.

Percentage of regular customer in selected outlets: It is evident from the study that more than half of the rural unorganized retailers had 75% to 100% regular customers and nearly half of the rural unorganized retailers had 50% to75% regular customers. It shows that every rural unorganized retailer had more than 50% of regular customers.

Stock of different products in unorganised retail outlets: It is observed that half of the rural unorganized retailers were sold toiletries, stationary items, home appliances, cosmetics and electrical items.30% to 40% of the rural unorganized retailers were sold beverages, bakery products and dairy products. Only one fifth of the retailers (20%) were sold staples, packed and non-packed food products, edible oil, textile and footwear, fruits and vegetables, electronic items, packaged drinks and frozen items like fish, meat. It is clear from the table that in rural area majority of retailers were sold toiletries, stationary items, home appliances, cosmetics and electrical items. It means there was a demand in these products or these items were more profitable products for sale.

Awareness of rural unorganised retailers about the organised retailers: Awareness level is a one of the factor to know about competition in the sector. Awareness of unorganised retailers about the organised retailers will help to take good strategies and decisions. It is evident from survey that the three fifth of the retailers (60%) told that 10 to14 organized retailers in the nearest town and 30% of retailers told that 6 and below 6 organized retailers in the nearest town. It is clear from the table that one fourth the unorganized retailers (25%) told that 10 organized retailers in nearby town. It shows that level of awareness vary among rural unorganised retailers.

Awareness of the rural unorganised retailers about the organised retail shops

Awareness of the rural unorganised retailers: It is observed that 100 % of respondents were aware about the organisedretaile shop like big bazar, reliance and elite. City supermarket (90%)was the next popular supermarket followed by supplyco(80%), triveni(80%), lulu(80%), varkeys(75%), more(65%), isaf(60%), margin free(40%), society(35%), thekkekkara (15%)and good will(15%). Thus it is clear from the above section 4.6 that majority of the rural unorganised retailers were unaware about the nearest organised retailer.

Impact of organised retailing on rural unorganised retailing: This section discuss about the variables selected for identify the impact of organised retailing on rural unorganised retailing.

Table 1 Impact of organised retailing on rural unorganised retailing			
variables	Increase	Decrease	No change
Sales	Nil(0)	10 (50%)	10 (50%)
No. of customers	Nil(0)	10 (50%)	10 (50%)
Product availability to shops	Nil(0)	2 (10%)	18 (90%)

Table 1 revealed that the half of the rural unorganized retailers had decrease in sales and decrease in customer and 10% of the unorganized retailers had the problem of unavailability of products. It shows that the existence of organised retail shops made a negative impact on unorganised retail shops.

Percentage changes of sales volume of unorganized retailers: It is clear from the above section that organised retailers introduction has created changes in the unorganised retailers sales

volume and we can understand that, from the total, 50% of the respondents had sales decrease and the rest half of them had no change within. The table 2

highlighted the negative impact of organised retailing on unorganised retailers' sales volume.

Table 2 Change in the sales volume of rural unorganised retailers		
Decrease in sales volume (%)	No. of respondent	Percentage
20-25	3	15
25-30	3	15
30-35	4	20
Source: primary data		

It is revealed from the table 2 that after the existence organised retailing outlets, half of the rural unorganized retailers sales volume decreased. Out of total respondents one fifth of the unorganized retailers (20%) had 30 to 35% of decrease in sales volume and others (30%) had 20 to 30% decreases in sales volume.

Impact of organised retailing on product-wise sales: Table 3 represents the impact of organized retailing on product wise sales. To know whether there is any change in sales volume of different products in rural unorganised retail outlets due to the entry of organised retailers. Responses were collected, analysed and presented in table 3

Table 3: Change in the sales volume of unorganised retail (product-wise sales)							
Products	No.of shops stocking the products	Impact on sales					
		Increase in sales		Decrease in sales		No change in sales	
		No.of shops	%	No. of shops	%	No. of shops	%
Staples	4	0	0	4	100	0	0
Packed food product	4	4	100	0	0	0	0
Non packed food product	4	0	0	4	100	0	0
Edible oil	4	0	0	4	100	0	0
Beverages	6	0	0	4	67	2	33
Toiletries	11	0	0	11	100	0	0
Stationery items	10	10	100	0	0	0	0
Textile and footwear	4	0	0	2	50	2	50
Fruits and Vegetables	2	2	100	0	0	0	0
Electronic items	4	0	0	0	0	4	100
Electrical items	14	4	29	0	0	10	71
Home appliance	10	2	20	6	60	2	20
Bakery products	8	0	0	6	75	2	25
Packaged drinks	4	0	0	0	0	4	100
Dairy products	7	5	71	0	0	2	29
Frozen items-fish, meat	0	0	0	0	0	0	0
Cosmetics	10	10	100	0	0	0	0

Source: primary data

It can be observed from the table 3 that after the existence of organized retail shops there was a decrease in sales of staples, non-packed food products, edible oil, beverages, toiletries, textile and footwear, bakery products and home appliances of rural unorganized retailers. And also there was an increase in sales of package food products, stationary items, fruits and vegetable, cosmetics, electrical

items, home appliances and dairy products of unorganized retailers.

Percentage change in regular customer: It is clear from the table 4 that 80% of the rural unorganized retailers had no changes in regular customers and one fifth of the retailers noticed a decrease in their regular customer. But the table shows that there was no increase in regular customers. It is revealed that

the majority of retail outlets had no changes in regular customers and there was no increase in regular customers.

Change in consumers attitude towards product selection.

Table 4: Change in consumers attitude towards product selection		
Any change consumers product selection	**No. of respondent**	**percentage**
Yes	13	75
No	7	25
Source: primary data		

It is evident from the table 4 that three fourth of the retailers (75%) told that the customers were changed their product selection. **Reasons for customers' preference towards unorganized retail shop**

Table 5: Reasons for preference towards unorganized retail shop		
Factors	**Score**	**Rank**
Credit Availability	166	1
Quality of products	160	2
Relations with the you	154	3
Proximate of the store	146	4
Reasonable price	144	5
Easy replacement of defected products	102	6
Easy delivery	82	7
Choice/Variety of Brands/products	70	8
Cleanliness of the Store	42	9
Bargain Facility	34	10
Source: primary data		

It is evident from the table 4.8 that the majority of the retailers identified credit availability, is the major reasons for purchasing products from unorganized retail outlet followed by quality of products, relationship with shopkeeper, proximate of the store, reasonable price, easy replacement of defected products, easy delivery, choice/variety of brands/products and cleanliness of the store. Bargain facility obtained the last position. So, from the above observations it is clear that growth of organised retailing has made an impact on rural unorganised retailers. After the emergence of organised retail shops, the unorganised retailers had a decrease in sales of grocery products. Majority of the unorganised retailers had decrease in sales and majority of the unorganised retailers started more promotion activities for competing with organised retailers. The majority of the retailers identified credit availability is the major reasons for purchasing products from unorganized retail outlet. Thus it is clear from the section that emergence of organised retailing created negative impact more than the favorable impact.

Marketing strategy adopted by rural unorganised retailers

Table 6 Marketing strategies of unorganised retailers		
Strategies	**No.of respondents adopted new strategies**	
	Frequency	%
Reduced prices	4	20
Provide more credit facilities	16	80
Introduced same products of different price	8	40
Added new product items	11	55
Discontinued some product items	12	60
Added new product line	12	60
Discontinued some product lines	6	30
Increased number of brands	12	60
Introduced quality products	12	60
Stocking national and international brands	12	60
Introduced high valued products/ Specialty products	3	15
Changed packaging pattern	7	35
Better display	12	60
Improved or started home delivery	1	5
Increased store space	0	0
Give more attention tocleanliness of the Shop	6	30
Started or improved advertisement	14	70
Improved customer service	20	100
Improved relationship with customer	20	100
Introduced discount, incentives, etc.	14	70
Introduced after sales service for durable goods	12	60
introduced Electronic weighing machine	4	20
introduced Refrigerant/ freezer / hot case	6	30
Introduced electronic billing machine	0	0

Source: primary data

Table .10 revealed that 100% of the rural unorganized retailers were improved their customer service and relationship with customers. Four fifth of the rural unorganized retailers (80%) were provide more credit facilities and more than two third of the rural unorganized retailers (70%) started and improved advertisement and introduced discount, incentives, etc. 60 % of the rural unorganized retailers were introduced after sale service for durable goods, better display, stocked national and international brands, introduced quality products, increased number of brand, added new product line and discontinued some product items.

And also none of the rural unorganized retailers were introduced electronic billing machine and not increased store space. Only 5% of the unorganized retailers started or improved home delivery service and one fifth of the unorganized retailers (20%) introduced electronic weighing machine and reduced price of the products. Only 30% of the rural unorganized retailers introduced refrigerator/ freezer/hot case discontinued some product line and gave more attention to the cleanliness of the shop.

Thus, It is clear from the above discussion that rural unorganized retailers were neglected the major problems like cleanliness of the shop, store space, pricing and valued services. These are the major problems faced by the customers in rural unorganized retail shops. But the same time unorganised retailers were improved their customer service and relation with the shop keeper, and majority of the unorganised retailers provide credit facility to their customers. It is the one of the major factor the rural consumers depend the unorganised retail outlet.

Strategy implications: Now there is a noticeable change in the consumer preference and the attitude towards the purchase. Therefore unorganised retailers should be a watch dog to changing taste and preferences. So on it have a effective inventory management.

• Majority of the rural unorganised retailers were unaware about nearest organised retailers. Therefore they must improve their knowledge about the

organised retailers and there marketing strategy otherwise they can't adopt competitive marketing strategy.

- Social responsibility should be performed by the shopkeeper to create goodwill of their business.
- Majority of the respondents identified unavailability of desirable product, unhygienic conditions of the store, unavailability of branded items, improper shelf space and lack of knowledge of retailers/sales person were the major problems faced from the rural unorganised retailers. Therefore unorganised retailers must give more attention to these problems.

Conclusion: The future of retailing seems to be bright with changing life styles, consumerism and increase in the disposable income of the people. Though organised retailing is spreading in various parts of the state, it raises a competition against unorganised retailers. The study shows that the organised retailing has a transformational impact on the purchasing behavior, expenditure pattern and selection of retail outlet of rural consumer. Better retailing experience and reasonable price, attracted rural consumers towards organised retailing, however they also do retailing from unorganised retail shops. To keep up with the organised retailing the unorganised retailers also started to provide improved service like credit facility and new marketing techniques to attract customers towards local unorganised retailing. From this study it is clear that by the growth of organised retailers made a big impact on rural customers. But in the case of rural unorganised retailers, it mostly impacted on the grocery shops. If the unorganised retailers are to change themselves with essential changes they reciprocate the growth of the organised retailers in rural sector.

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