ORGANIZED RETAILING IN INDIA – OPPORTUNITIES AND OBSTACLES WITH SPECIAL REFERENCE TO COIMBATORE CITY

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ABSTRACT

India, being the second largest populated and the fastest developing economy, offers enormous scope for the development of retail business which was for quite a long time remaining un-organized and un-regulated. Of late the importance of organizing systematically this sector within the purview of legal obligations has been realized. This sector is getting more and more organized by the upsurge and establishment of large number of departmental stores, Supermarkets, Malls, Hyper markets, Discount stores, multi – brand/single brand retail stores etc. Peoples’ support to these organized retail outlets is overwhelming due to which the popularity of these stores has impressively growth. Even though the growth is impressive, it is not free from obstacles and challenges. This article is an attempt to analyse the perceptions of the customers towards organized retailing and find out whether their perceptions will help developing the organized retail sector. A survey with 627 respondents was conducted at Coimbatore city and the data collected were analysed by the statistical tools like percentage analysis, mean, standard deviation, chi-square test, Anova test etc. This empirical analysis made will help arriving at exact conclusions so as to give guidelines for arriving at effective and efficient decisions by the people at the helm of affairs.

Key words: Retailing, Organized retailing, Perceptions.

1. INTRODUCTION

ORGANIZED RETAILING

Organized retailing is one that is systematically carried out by adhering strictly to the legal bindings of the business with the opening up of this sector for foreign participation, the competition among the domestic retail outlets and between the domestic and multinational outlets has become intense. This competition is not only in business but also in the ways of doing this business. The growth of this organized retailing business is going to gain momentum further and further in the years to come.

RETAIL FORMATS IN INDIA

1. Hypermarkets/Supermarkets
2. Departmental stores
3. Shopping malls
4. E-tailers
5. Discount stores
6. Category Killers
7. Speciality stores

GROWTHS DRIVES OF ORGANIZED RETAILING

1. Economic development
2. Government policies
3. Globalisation
4. Population growths
5. Growing investment in retailing
6. Civic situation/facilities.

S.A. Sherlekar and R. Krishnamoorthy say that “The Indian retail sector, though dominated through grocery shops/Kirana stores, has been witnessing emergence of corporate retail chains such as RPG Retail, Pantaloon Retail, Shoppers stop, Reliance fresh, Aditya Birla Groups’ More, Croma (Tata). These large format stores provide a wide range of products and brands at attractive prices and pleasant shopping experience for family members”

Patrick M. Dunne et al. say that the retail business will prosper in the place, where Retail Store saturation has not been reached. Retail store saturation, according to them “is a condition where there is fast enough store facilities for a given type of store to efficiently and satisfactorily serve the population and yield a fair profit to the owners”.

Michael Levy and Barton A. Weitz cautions that the growing intensity of retail competition due to the emergence of new formats and technology plus shifts in customer needs in forcing retailers to devote more attention is long term strategic thinking”.

If expectations of customers are fulfilled, the organized retailing will grow as expected. Therefore an empirical analysis on this aspect was carried with the following objectives.

II. REVIEW OF LITRATURE
OBJECTIVES

Based on the review of earlier research have the following objectives are decided.

1. To analyse the demographic variables and expectations of customers towards organized retailing.
2. To assess whether the customers’ expectations have been fulfilled or not.
3. To suggest ways for fulfilling the expectations by tackling the challenges.

III. HYPOTHESIS

Based on the objectives the following hypotheses were formulated:

\[
H_0 : \text{There is no significant difference between the mean score pertaining to the expectation towards organized retailing with regard to gender of the respondents.}
\]

\[
H_0 : \text{There is no significant difference between the mean score pertaining to the expectation towards organized retailing with regard to age of the respondents.}
\]

\[
H_0 : \text{There is no significant difference between the mean score pertaining to the expectation towards organized retailing with regard to education of the respondents.}
\]

\[
H_0 : \text{There is no significant difference between the mean score pertaining to the expectation towards organized retailing with regard to monthly household income of the respondents.}
\]

\[
H_0 : \text{There is no significant difference between the mean score pertaining to the expectation towards organized retailing with regard to residential area of the respondents.}
\]

IV. ANALYSIS AND INTERPRETATION

TABLE NO. 1
GENDER AND EXPECTATION OF CUSTOMERS TOWARDS ORGANIZED RETAILING

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Gender</th>
<th>Mean Score</th>
<th>SD</th>
<th>‘F’ Value</th>
<th>‘p’ Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Male</td>
<td>4.02</td>
<td>0.49</td>
<td>17.774</td>
<td>0.000*</td>
</tr>
<tr>
<td>2.</td>
<td>Female</td>
<td>3.85</td>
<td>0.56</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: * – Significant at 1% level

It is explored from the above table that from among the two categories of gender, male respondents are having maximum level of expectation towards organized retailing.

It is noted that the calculated ‘F’ value is greater than the table value and the result is significant at 1 percent level. Hence, the null hypothesis is rejected. From the analysis, it is found that there is a significant difference between gender of the respondents and their expectation towards organized retailing.

TABLE NO. 2
AGE AND EXPECTATION OF CUSTOMERS TOWARDS ORGANIZED RETAILING

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Age</th>
<th>Mean Score</th>
<th>SD</th>
<th>‘F’ Value</th>
<th>‘p’ Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Upto 25 years</td>
<td>3.99</td>
<td>0.50</td>
<td>1.507</td>
<td>0.222NS</td>
</tr>
<tr>
<td>2.</td>
<td>26-35 years</td>
<td>3.92</td>
<td>0.57</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Above 35 years</td>
<td>3.89</td>
<td>0.47</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: NS – Not Significant

It is obtained from the above table that from among the three categories of age of the respondents, those who belong to upto 25 years are having maximum level of expectation towards organized retailing.
It is identified that the calculated ‘F’ value is lesser than the table value and the result is not significant. Hence, the null hypothesis is accepted. From the analysis, it is found that there is no significant difference between age of the respondents and their expectation towards organized retailing.

### TABLE NO. 3
EDUCATION AND EXPECTATION OF CUSTOMERS TOWARDS
ORGANIZED RETAILING

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Education</th>
<th>Mean Score</th>
<th>SD</th>
<th>‘F’ Value</th>
<th>‘p’ Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Schooling</td>
<td>4.01</td>
<td>0.23</td>
<td>5.371</td>
<td>0.000*</td>
</tr>
<tr>
<td>2.</td>
<td>Diploma/ Polytechnic</td>
<td>4.03</td>
<td>0.35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Under Graduation</td>
<td>4.14</td>
<td>0.64</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Post Graduation</td>
<td>3.93</td>
<td>0.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Professional</td>
<td>3.86</td>
<td>0.51</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note : * – Significant at 1% level

It is determined from the above table that from among the five categories of education, the respondents who qualified with under graduation are having maximum level of expectation towards organized retailing.

It is divulged that the calculated ‘F’ value is greater than the table value and the result is significant at 1 percent level. Hence, the null hypothesis is rejected. From the analysis, it is found that there is a significant difference between education of the respondents and their expectation towards organized retailing.

### TABLE NO. 4
MONTHLY HOUSEHOLD INCOME AND EXPECTATION OF CUSTOMERS TOWARDS ORGANIZED RETAILING

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Monthly Household Income</th>
<th>Mean Score</th>
<th>SD</th>
<th>‘F’ Value</th>
<th>‘p’ Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Upto Rs.15,000</td>
<td>3.73</td>
<td>0.56</td>
<td>39.465</td>
<td>0.000*</td>
</tr>
<tr>
<td>2.</td>
<td>Rs.15,001 to Rs.30,000</td>
<td>4.06</td>
<td>0.48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Rs.30,001 to Rs.75,000</td>
<td>4.20</td>
<td>0.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Above Rs.75,000</td>
<td>4.23</td>
<td>0.34</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note : * – Significant at 1% level

It is inferred from the above table that from among the four categories of monthly household income of the respondents, the highest level of expectation belong to above Rs.75,000 category of respondents.

It is surmised that the calculated ‘F’ value is greater than the table value and the result is significant at 1 percent level. Hence, the null hypothesis is rejected. From the analysis, it is found that there is a significant difference between monthly household income of the respondents and their expectation towards organized retailing.

### TABLE NO. 5
RESIDENTIAL AREA AND EXPECTATION OF CUSTOMERS TOWARDS ORGANIZED RETAILING

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Residential Area</th>
<th>Mean Score</th>
<th>SD</th>
<th>‘F’ Value</th>
<th>‘p’ Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Urban</td>
<td>3.94</td>
<td>0.51</td>
<td>3.794</td>
<td>0.023**</td>
</tr>
<tr>
<td>2.</td>
<td>Semi-urban</td>
<td>4.03</td>
<td>0.52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Rural</td>
<td>3.89</td>
<td>0.55</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note : ** – Significant at 5% level
It is inferred from the above table that from among the three categories of residential area, the respondents who are residing in semi-urban area are having maximum level of expectation towards organized retailing.

It is identified that the calculated ‘F’ value is greater than the table value and the result is significant at 5 percent level. Hence, the null hypothesis is rejected. From the analysis, it is found that there is a significant difference between residential area of the respondents and their expectation towards organized retailing.

**OBSTACLES**

1. High cost of operation
2. Lack of adequate infrastructure
3. Inadequate IT support
4. Lack of industry status
5. Insufficient availability of skilled manpower
6. Competition from local Kirana stores
7. Stiff competition from multinational majors.

**V. SUGGESTIONS**

- Male and female respondents were formed to have difficult expectations; attempt should be made satisfy with equally.
- Since there is a significant difference between education of the respondents and expectations, arrangement should be made to provide education to all of applicable cost.
- Since there is a significant difference between the mean score pertaining to the expectation with regard to the monthly household income, policy of levying taxes should be formulated always in favour of the low income group families.
- Since there is a significant difference between the mean score pertaining to the expectation and the area of residence, civic amenities should be extended to all areas and people should be made to feel comfortable to reach all places.

Over and above steps should be taken up to remove the obstacles enlisted above.

**VI. CONCLUSION**

Retail sector is still to go a long way. There is enormous scope. Efforts should be contemplated for making this sector to contribute to the GDP in such a way to become the major contributor. A day should come during which every store of every category should get to metamorphosis into organised retail store.

**REFERENCES**