PROBLEMS AND PROSPECTS OF UNORGANISED RETAILING: A STUDY FROM RETAILER PERSPECTIVE

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Abstract: This article explores the problems and prospects of unorganised retailing from the perspective of retailers. Unorganised retailing refers to the traditional retail sector that is largely unregulated and dominated by small independent retailers. Despite its dominance in many developing countries, unorganised retailing faces a number of challenges, including competition from organised retailers, poor infrastructure, lack of access to credit, and changing consumer preferences. Using a qualitative research approach, this study aims to identify and analyse the key problems faced by unorganised retailers and their prospects for growth and survival. Data was collected from both primary and secondary sources.

Key words: Unorganised retailing, Business management, Traditional retailing problems

Introduction

The retail sector is a crucial part of the economy of many countries around the world. It provides employment to millions of people and serves as a vital link between producers and consumers. The retail industry is undergoing rapid changes due to various factors such as technological advancements, changes in consumer behaviour and preferences, and the rise of organised retailing. Unorganised retailing, which refers to the traditional retail sector that is largely unregulated and dominated by small independent retailers, is facing significant challenges in this changing landscape.

The unorganised retail sector has been a dominant force in many developing countries, providing livelihoods to millions of small retailers and contributing to the local economy. However, the sector faces many challenges, including competition from organised retailers, inadequate infrastructure, lack of access to credit, and changing consumer preferences. These challenges have the potential to impact the survival and growth prospects of the sector.This article aims to explore the problems and prospects of unorganised retailing from the perspective of retailers. It seeks to identify the key challenges faced by unorganised retailers and their prospects for growth and survival. The article uses a qualitative research approach and is based on in-depth interviews with retailers operating in different parts of the country.

The article is organised as follows. The first section provides an overview of the unorganised retail sector and the challenges it faces. The second section discusses the research methodology used in the study. The third section presents the findings of the study, which highlight the key challenges faced by unorganised retailers and their prospects for growth and survival. The fourth section discusses the implications of the findings for policymakers, retailers, and other stakeholders in the retail industry.

Retailing in India

The Indian retail industry has emerged as one of the most dynamic and fast-growing industries due to the entry of several new players in the recent times along with rising income levels, growing aspirations, favourable demographics and easy credit availability. It contributes about 10% of the country's Gross Domestic Product (GDP) and around 8% of the employment and is valued at USD 792 billion as of 2018. Globally, India is fourth-largest global destination in the retail space after US, China and Japan. The industry has witnessed Compound annual growth rate (CAGR) of over 10% during 2014 - 2019, close to double the growth witnessed during 2008 – 2013 period.

Currently, the Indian retail market continues to be dominated by the unorganised retail (mom-and-pop stores and traditional kirana stores) accounting for about 88% of the total retail market while organised retail market is valued at about USD 95 billion, only about 12% of the sector. E-tail stands at about USD 24 billion, accounting for about 25% of the organised market or 3% of the total retail market in India. India's organised retail penetration is much lower compared with other countries, such as the United States which has organised retail sector penetration of 85%. India is the world's fifth largest global destination in the retail space. In FDI Confidence Index, India ranks 16th (after U.S., Canada, Germany, United Kingdom, China, Japan, France, Australia, Switzerland and Italy)

Statement of the problem

Now a days the number of retail shop increased day by day. And also, with increasing number of retail shops the problems faced by the unorganised retailers is also increasing. Today unorganised retailers facing so many problems such as inadequate utilities, policy related hurdles, competition from organized retailers, lack of knowledge, taxation challenges unavailability of support from society, etc... This study tries to understand various problems faced by the unorganised retailers.

Objectives of the Research

1. To identify the problems and challenges faced by unorganised retailers.
2. To understand the strategies adopted by retailers to meet the challenges.

Methodology

This is a descriptive study based on both primary data and secondary data. Secondary data were collected from various books, internet. The primary data required for the study were collected from selected retailors as respondents by using a questionnaire. Restricted random sampling technique is used for collecting the primary data. Kottayam district has been selected as the sampling area for the purpose of this study.

The survey was conducted from 130 respondents in Kottayam district, Kerala,India.

Tools for analysis

The collected data have been analysed by applying mathematical techniques such as

1. Kruskal Wallis Test
2. Friedman Test
3. Mean and Standard Deviation
4. Simple Percentage

Analysis

Shift of customer base to organised retailers

| Level of Agreement	Frequency	Percentage
Strongly Disagree	0	0
Disagree	1	.8
Neutral	13	10.0
Agree	100	76.9
Strongly Agree	16	12.3
Total	130	100.0

Source: Primary
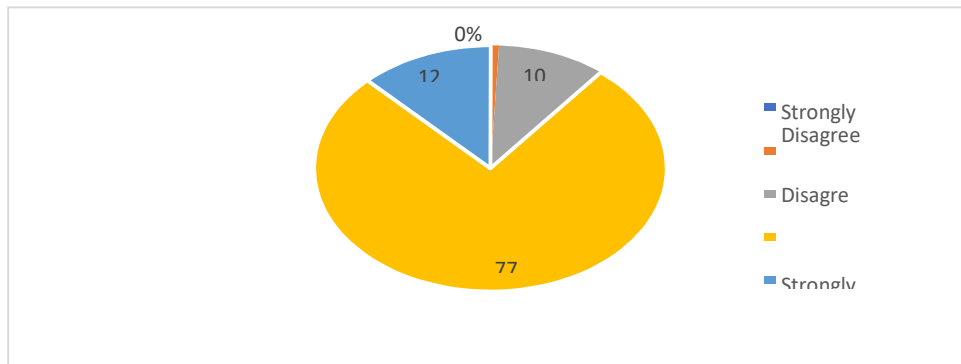
Above table and figure deals with the shift of customer base from unorganised to organised retailers. It showsthat majority of the respondents agree that there is a shift of customer base to organised retailersonly .8% of respondents are disagree with the statement.

Stable Income

Stable income	Frequency	Percent
Throughout the year	42	32.3
During some months	86	66.2
Do not get	2	1.5
Total	130	100.0
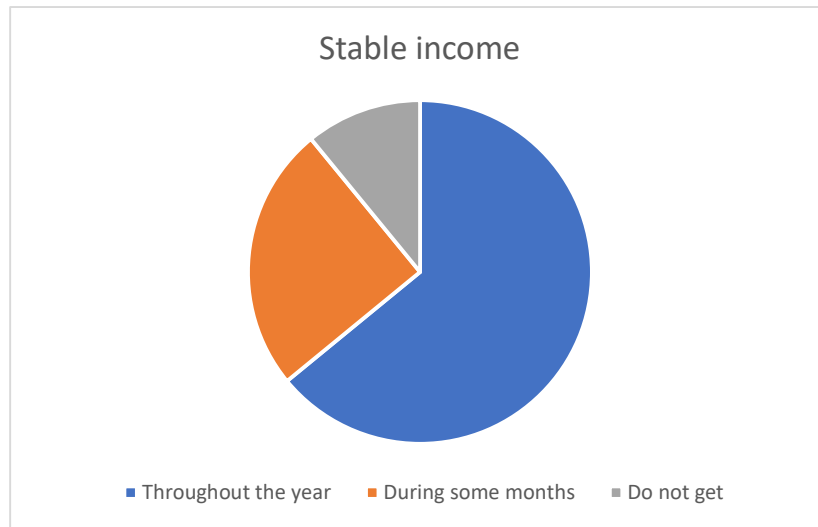
Source: Primary

The table and figure show stable income from the business. About 32.3% of respondents get stable income throughout the year, 66.2% of them get stable income during some months and remaining 1.5% are not getting stable income from the business
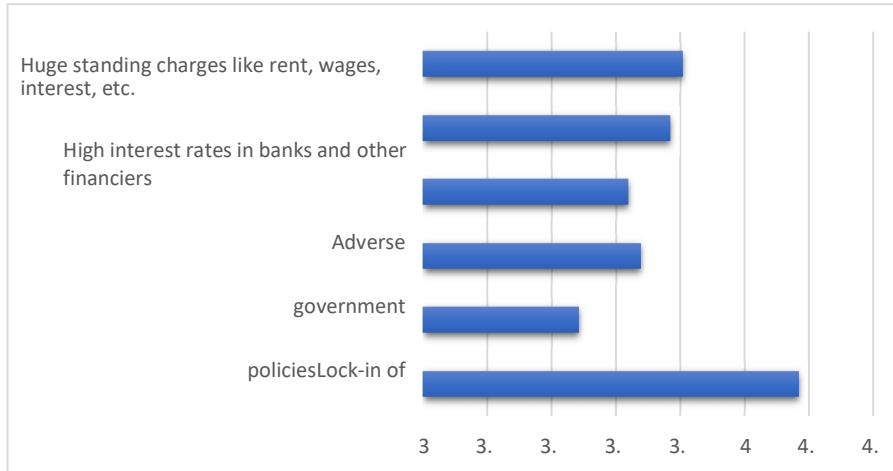
Issues related to Financial Aspects

Statements	Mean	SD
Inadequate funds and incapacity to rise further fund	4.1692	.63659
Problems of bad debts	3.4846	.71782
Lock-in of funds in credit sales	3.6769	.76973
Adverse government policies	3.6385	.77763

High interest rates in banks and other financiers	3.7692	.81210
Huge standing charges like rent, wages, interest, etc.	3.8077	.74808

Source: primary data

Above table and figure shows the issues related to financial aspects has caused a reduction in sales of their store and unorganized retailers in general. From the study it is observed that, respondents show a strong agreement towards the statement inadequate funds and incapacity to rise further fund with the mean score being the highest at 4.1692. Followed by huge standing charges, High interest rates Lock-in of funds in credit sales, adverse government policies and Problems of bad debts.
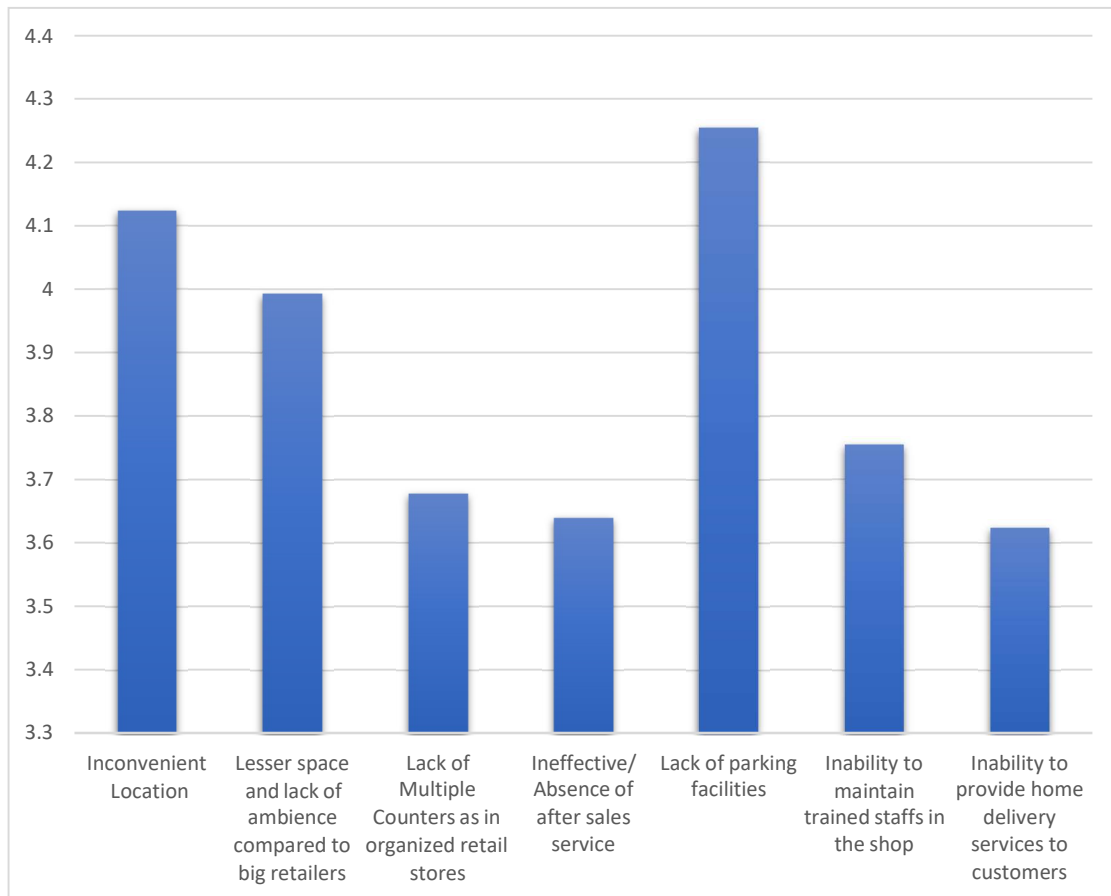
Problems related to Facilities and Infrastructure.

Statements	Mean	SD
Inconvenient Location	4.1231	.64718
Lesser space and lack of ambience compared to big retailers	3.9923	.60356

Lack of Multiple Counters as in organized retail stores	3.6769	.81854
Ineffective/ Absence of after sales service	3.6385	.82597
Lack of parking facilities	4.2538	1.00627
Inability to maintain trained staffs in the shop	3.7538	.63565
Inability to provide home delivery services to customers	3.6231	.70728

Source: primary data

The above table and figure deals with the problems related to facilities and infrastructure have caused a reduction in sales of their stores. From the table respondents do strong agreement towards the statements that lack of parking facilities with the mean score of 4.2538., Inconvenient locationwith mean score of 4.1231. It is followed by lesser space and lack of ambience compared to big retailers with mean score of 3.9923, Inability to maintain trained staffs in the shop with mean score of 3.7538. Retailers face lesser problem to lack of Multiple Counters as in organized retail stores. Ineffective/ Absence of after sales service and Inability to provide homedelivery services to customers with mean score of 3.6769, 3.6385 and 3.6231 respectively.

Strategies to cope up with threat from organized retailers

Strategies	Mean	Rank
Improving Customer services	2.5000	1
Changing Store layout	2.8846	2
Pricing Strategy	2.9154	3
Increasing no of brands	3.2462	4
More discounts and offers	4.1077	5
Home delivery	6.1769	7
Credit facility	6.1692	6

Source: primary data

The above table discloses ranking of the strategie**s** adopted by unorganised retailers to cope up with threat from organised retailers. From the table it shows that improving customer services is strategy adopted by the unorganised retailers as it obtains first rank followed by changing store layout, pricing strategy, increasing no of brands, more discounts and offers, home delivery and credit facilities.

Kruskal Wallis Test

H0: There is no significant difference in the problems of unorganized retailing with respect to selected variables on the basis of nature of business.

H1: There is significant difference in the problems of unorganized retailing with respect to selected variables on the basis of nature of business.

Nature of business	Financial Aspects	Facilities and Infrastructur e	Customer Attitude	Organisation al Factors
	Mean	Mean	Mean	Mean
Grocery	3.87	3.90	4.20	3.84
Stationery	3.69	3.72	4.07	3.88
Fruits and vegetables shop	3.84	3.97	4.05	3.75
Textile shop	3.68	3.84	4.05	3.81
Footwear and Bag shop	3.69	3.89	4.03	3.78
Bakery	3.83	4.09	4.21	3.96
Others	3.78	3.70	3.94	3.95

Test Statistics[a,b]

	Financial Aspects	Facilities and Infrastructure	Customer Attitude	Organisational Factors
Chi-Square df Asymp. Sig.	4.157 6 .655	10.936 6 .090	5.042 6 .538	3.803 6 .703
a. Kruskal Wallis Test				
b. Grouping Variable: Nature of business				

Interpretation

As the level of significance obtained is higher than 0.05, the null hypothesis is accepted. Therefore, there is no significant difference in the problems of unorganized retailing with respect to selected variables on the basis of nature of business.

Friedman Test

H0: There is no significant difference among the respondents on the strategies taken against threat from organised retailers.

H1: There is significant difference among the respondents on the strategies taken against threat from organised retailers.

Ranks	
	Mean Rank
Improving Customer services Changing Store layout Pricing Strategy Increasing no of brands More discounts and offers Home delivery Credit facility	2.50 2.88 2.92 3.25 4.11 6.18 6.17

Test Statistics[a]	
N Chi-Square Df	130 409.358 6
Asymp. Sig.	.000
a. Friedman Test	

Interpretation

Significant level is zero that is less than the level of significant so the null hypothesis is rejected **(.000<0.05).** Therefore, there is significant difference among the respondents on the strategies taken against threat from organised retailers.

Findings

- Only 32.3% of respondents are getting stable income from the business throughout the year.
- Most of the respondents agreed that there is a shift of customer base to organised retailers.
- Major strategies adopted by the respondents to cope up with threat from organised retailers are Improving Customer services, Changing Store layout, Pricing Strategy.
- The hypothesis testing reveals that there is no significant difference in the problems of unorganized retailing with respect to selected variables on the basis of nature of business.
- The null hypothesis is rejected and there is significant difference among the respondents on the strategies taken against threat from organised retailers.

Conclusion

The analysis concluded that the unorganised retail sector is likely to show significant effect on financial based problems, facilities and infrastructure related problems, customer attitude and participation related problems and problems related to organizational factors. It is identified that financial problemssignificantly influence on unorganised retailers. Inadequate working capital and inadequate fixed capital have positive impact the unorganised retailers. Majority of the retailers are facingthe problem of limited financial resources. Hence, it is suggested that the government should provide financial facility to those retailers who are financially weak.

The unorganized retailers are also facing competition from organized retailers. The majority of unorganized retailers are adopted changes by introducing suitable strategies for its survival and

growth. It is suggested that the retailers should maintain friendly relationship with their customers, must assess the credit worthiness of their customers before allowing credit and allowing credit sales only to the regular customers. Then only the unorganised retailers can overcome from these critical problems.

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