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An Empirical Study Of Retail Business In Tuticorin District

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ABSTRACT:

Retail industry in India is expected to rise 25 per cent yearly being driven by strong income growth, changing lifestyles, and favourable demographic patterns. It is expected that by 2016 modern retail industry in India will be worth US$ 175- 200 billion. Over the last Decade the Indian retail Landscape has witnessed a dramatic change owing to the changes in demographics, Attitudes, Values and life styles of consumers. Though the sector is at an embryonic stage in its evolution with around 2% of total retail business in the organized sector it still appears to be growing at a pace of around 25% P.A. and pegged at above Rs. 10 Lac crores. Surging consumer expectation has compelled retailers to take sharp look at their approach towards shoppers. So the researcher made sincere attempt to analyse the perception and prospects faced by retailer in the study area, during the course of starting and managing their enterprise.

The study is designed as a descriptive and analytical one. Considerable data are available both from primary and secondary data. Primary data are collected during 2012 with the help of schedule designed for the interview schedule. The researcher has selected 77 sample retailers on the basis of convenience sampling technique. To analyse and interpret the collected data, the researcher has been used the tools like Percentages, average, chi square tests and probability analysis. The sample size was 48%.   It is observed that 91 per cent and 87.5 per cent of retailers face the personal problems and labour problems respectively, and the difference was statistically not significant.

INTRODUCTION

Indian retail business values at around US$ 550 billion as of now and about four per cent of it accounts for the organized sector. A report by Boston Consulting Group (BCG) has revealed that the country's organized retail is estimated at US$ 28 billion with around 7 per cent penetration. It is projected to become a US$ 260 billion business over the next decade with around 21 per cent penetration. Another report by Business Monitor International (BMI) suggests that enhancing middle and upper class consumer base has set vast opportunities in India's tier- II & tier-III cities. The greater availability of personal credit, improved mobility, better tourism et al, are all small, but significant contributors to the growth of Indian

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retail industry. Also, more and more companies are willing to invest in India due to significant growth forecasts on gross domestic product (GDP) (BMI predicts average annual GDP growth of 7.6 per cent through 2015). Retail industry is the largest industry in India, with an employment of around 8 per cent to over 10 per cent of the country's Gross Domestic Product. Retail industry in India is expected to rise 25 per cent yearly being driven by strong income growth, changing lifestyles, and favourable demographic patterns. It is expected that by 2016 modern retail industry in India will be worth US$ 175- 200 billion.

Over the last Decade the Indian retail Landscape has witnessed a dramatic change owing to the changes in demographics, Attitudes, Values and life styles of consumers. Though the sector is at an embryonic stage in its evolution with around 2% of total retail business in the organized sector it still appears to be growing at a pace of around 25% P.A. and pegged at above Rs. 10 Lac crores. Surging consumer expectation has compelled retailers to take sharp look at their approach towards shoppers.

Retailing includes all activities involved in selling goods or services directly to final consumer for personal or non-business use where as marketing according to American marketing Association refers to "The process of planning and executing the conception, pricing, promotion and distribution of Ideas, goods and services to create exchanges that satisfy individual and organizational objectives. Middle class Indian have broken off their love of traditional stand alone kirana stores that have no air conditioning, organize parking and other public facilities An interesting research in this area has shown that grocery stores (56% of all retail outlets) and general stores (13%) dominate rural Indian.

Approximately 6.6% of urban adults in India are shop owners. There are about 21% outlets in urban area engaged in service retailing though no official data is available the given above figure indicate that this sector may be employing about 15-20% of the organized work force which is in line with global averages. Retailing accounts for an impressive part of gross domestic product (GDP). The year 1997-1999 has been a slowdown in economic growth. The GDP growth rate pegged at 4 to 5%. Total retail sales in India reached Rs. 5793/- billions in 1996 representing around 53% of GDP and 69% of consumer expenditure. Retail sales per capita were 6297 in 1996. In 2007 share of retail trade in GDP was 8-10% It is currently 12% and likely to reach 32% by 2012.

SCOPE OF THE INDIAN RETAIL MARKET

The scope of the Indian retail market is immense for this sector is poised for the highest growth in the next 5 years. The India retail industry contributes 10 per cent of the country's GDP and its current growth rate is 8.5 per cent. In the Indian retail market the scope for growth can be seen from the fact that it is increased to US$ 608.9 billion in 2009 from US$ 394 billion in 2005. The organized retailing sector in India is only 8 per cent and is expected to rise to 25- 30 per cent by the year 2012. There are under construction at present around 325 departmental stores, 300 new malls, and 1500 supermarkets. This proves that there is a tremendous scope for growth in the Indian retail market. The growth of scope in the Indian retail market is mainly due to the change in the consumers behaviour. For the new generation have preference towards luxury commodities which have been due to the strong increase in income, changing lifestyle, and demographic patterns which are favourable.

STATEMENT OF THE PROBLEM

For a retailer, it is very difficult to retain the potential buyer, because the buyers are scattered according to their convenience of purchasing. In order to keep possession of their sales volume, the retailer has to face a stiff competition in the retail business. Majority of functions have to be performed by owners themselves due to limitation of resources. So the researcher made sincere attempt to analyse the perception and prospects faced by retailer in the study area, during the course of starting and managing their enterprise.

OBJECTIVES OF THE STUDY

The main objectives of the study are

1.To study the socio – economic conditions of the retailer in Tuticorin district.
2.To analyse the reasons for selecting retail business
3.To known the nature of business of the retailers.

4.To analyse the problems faced by the retailers
5.To offer suggestions on the basis of the findings of the study.

METHODOLOGY OF THE STUDY

The study is designed as a descriptive and analytical one. Considerable data are available both from primary and secondary data. The study is carried out with the help of sample survey. The research problem and interview schedule have been formulated and tested on the basis of the research objectives. Primary data are collected during 2012 with the help of schedule designed for the interview schedule. The Secondary data are also collected from the various standard text books, research articles, reports, leading newspapers, magazines and journals. These have constituted a supportive literature for the purpose of carrying out the research work. The population of the current study is the retailer in Tuticorin district. It is not feasible to collect data from the entire population. Therefore the researcher has used the sampling technique for data collection. The researcher has selected 77 sample retailers on the basis of convenience sampling technique. To analyse and interpret the collected data, the researcher has been used the tools like Percentages, average, chi square tests and probability analysis.

ANALYSIS AND INTERPRETATION

According to 2001 census, total no. of families in the village of Siluvaipatti and Kelavaipar of Tuticorin and Vilathikulam blocks are 300 and 700. Total number of retailers in the Siluvaipatti and Kelavaipar villages of Tuticorin district is 162. Out of which 162 retailers 77 have been selected for this study. The sample size was 48%.

Table No: 1 Gender Wise Classification of the Respondents

Gender	No. of Respondents	Percentage
Male	63	81.8
Female	14	18.2
Total	77	100

Source: Primary data

The above table shows that out of 77 respondents, 63 are male respondents (81.8 %) and 14 respondents are female (18.2 %)

Table No: 2 Age wise classification of the respondents

Age	Siluvaipatti	Kelavaipar	Total
20-40 years	14(43.7)	33(73.3)	47(61.0)
40-60 years	18(56.3)	12(26.7)	30(39.0)
Total	32(100)	45(100)	77(100)

Source: Primary data

From the table, it is revealed that the percentage of 20-40 years retailers is more i.e., 61%. As per the survey young and middle age group's involvements is higher than that of old aged groups in the study area. The result of chi-square analysis (χ^2=5.69, P=0.0171, df=1, Cramer's V=0.2989), revealed that there is no

significant relationship of age of retailers in the Siluvaipatti and Kelavaipar villages of Tuticorin district.

Table No: 3 Educational Qualification of the respondents

Qualification	Siluvaipatti	Kelavaipar	Total
Primary	12(37.5)	7(15.6)	19(24.7)
Secondary	17(53.1)	22(48.9)	39(50.6)
Degree	3(9.4)	16(35.5)	19(24.7)
Total	32(100)	45(100)	77(100)

Source: Primary data

From the above table it is clear that the majority of the respondents i.e., 50.6 percentage completed the secondary education. the degree holders were 24.7%. The chi-square analysis result ($\chi2=8.91$, P=0.0116, df=2, Cramer's V=0.3402), shows no significant relationship of education of retailers in Tuticorin District of Tamilnadu at 5% level.

Table No: 4 Categories of Retailers
The researcher categorized the retailers according to the nature of goods and services they deal.

Classification of Retailers	Siluvaipatti	Kelavaipar	Total
Grocery Shop	18(56.2)	4(8.9)	22(28.6)
Fancy Store	7(21.9)	12(26.7)	19(24.7)
Food	4(12.5)	16(35.5)	20(25.9)
Stationery	3(9.4)	13(28.9)	16(20.8)
Total	32(100)	45(100)	77(100)

Source: Primary data

It is understood from the table that 22 respondents are grocery shop retailers which occupies 28.6 per cent , 25.9 per cent of the respondents are food, 24.7 per cent of the respondents are fancy store retailers, and remaining 20.8 per cent of the respondents are stationery retailers, showed significant difference ($\chi2=22.11$, P=<.0001, df=3, Cramer's V=0.5359).

Table No: 5 Reasons for Selecting Retail Business

Reasons	Siluvaipatti	Kelavaipar	Total
Demand for the product	13(40.6)	4(8.9)	17(22.1)
Previous Experience	5(15.6)	14(31.1)	19(24.7)
Support from family members	6(18.7)	8(17.8)	14(18.2)
Family Business	8(25.0)	19(42.2)	27(35.1)
Total	32(100)	45(100)	77(100)

Source: Primary data

There are large numbers of reasons for choosing the retail business. Four reasons that choosing retail businesses by the retailers. They are previous experience (24.7%), family business (35.1%), demand for the product or services (24.7%) and support from family members (18.2%) respectively showed no significant difference ($\chi2=11.94$, P=0.0076).

Table No: 6 Nature of Business

Nature of Business	Siluvaipatti	Kelavaipar	Total
Hereditary	27(84.4)	43(95.6)	70(90.9)
First Generation	5(15.6)	2(4.4)	7(9.1)
Total	32(100)	45(100)	77(100)

Source: Primary data

The above table upholds that 90.9 per cent of the respondents are doing the retail business as hereditary and remaining 9.1 per cent of the respondents are the first generation businessman. The chi-square test value ($\chi2=1.64$, P=0.2003, df=1, Cramer's V=0.1917), assured that there are no marked significant differences regarding the nature of business of the sample retailers in the study area.

Table No: 7 Problems of Retailers

Problems	Siluvaipatti	Kelavaipar	Total
Marketing Problems	8(25.0)	26(57.8)	34(44.2)
Finance Problems	24(75.0)	19(42.2)	43(55.8)
Total	32(100)	45(100)	77(100)

Source: Primary data

It is observed from the above table that 91 per cent and 87.5 per cent of retailers face the personal problems and labour problems respectively, and the difference was statistically not significant ($\chi2=6.87$, P=0.0088, df=1, Cramer's V=0.3253).

SUGGESTIONS OF THE STUDY

The following suggestions are offered to improve the retail business position in Tuticorin District.

The location of the stores should be convenient and easy to access. The distance that the consumer must travel to shop is the basic criteria.
The goods should be properly packaged.
Certain specialized item which are used or consumed on special occasions or festivals or local celebrations should be available in the shops.
Effective control system must be introduced for controlling purchases, storing and inspection of goods, it is highly useful for maintaining quality of goods sold. The out of date inventories are to be immediately identified and removed from the store.
Motivating the staffs for improving the performance of their work. The quality of service is a key factor and winning a higher share of customer. Staff must be trained and motivated to recognize their best customers and to offer them superior service.
The quality of management of the customer is becoming an increasingly important source in improving the

customer service. Education and training of staff needs to be done to enhance service.

The frequent buyers should be maintained with the personalized report.

The promotional measures such as advertising in local television, banner etc. This result in confidence and trust by customers on the store about the availability of the specialized items or products. The amount of promotion done by a shop depends on a number of factors such as store policy, how frequently they bring in new products and new stocks conducting of promotional schemes, general awareness of the shop, the market segment catered to and the budget available for promotion.

Technology and innovation will serve as the fuel in enabling the customer's shopping experience. Hence new technology may be adopted in serving the customers.

The Government should reduce the Registration formalities and Regulation.

The customers expect best shopping experience so the management should take care of environment. The key indicators such as product offering, physical characteristics of the store, store personnel, location convince, prices, customer's services.

The retailer should effectively utilize the natural resources.

The retailers should clarify the customers doubt about the product and services and then purchase the product.

The retailers should properly pay the loan and advances to the financial institutions or government institutions they reduce the interest rates.

CONCLUSION

Today retailers must differentiate themselves by meeting the needs of their customers better than the competitors. Retailers should prepare marketing plans that include decision on target market, product assortment and procurement, services and stores atmosphere, price promotion and proper placement of products inside the retail shops. There is a general agreement that a basic retailing strategy for creating competitive advantage is the delivery of high service quality. Therefore, by giving better service and product, definitely the retailers can taste the success.

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