

# PROBLEMS EXPERIENCED BY THE RETAIL ENTREPRENEURS IN INDIA WITH SPECIAL REFERENCE TO DELHI NCR

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**Abstract:** This study examined the personal problems experienced with respect to the demographic variables of the retail entrepreneurs in NCR Region, India. A sample size of 410 retail market entrepreneurs were selected for the study by using a pre-tested questionnaire which was customized and designed the researcher and the research supervisor. The statistical tools namely, descriptive statistics, one-way analysis of variance, and independent sample 't' test, analysis were applied. The findings of study are given in detail.

**Index Terms:** Retail Market Entrepreneurs, Personal Problems

## I. ABOUT RETAIL INDUSTRY

The word "Retail" originates from a French-Italian word. Retailer is someone who cuts off or sheds a small piece from something. Retailing is the set of activities that markets products or services to final consumers for their own personal or household use. It does this by organizing their availability on a relatively large scale and supplying them to customers on a relatively small scale. Retailer is a person or agent or agency or company or organization who is instrumental in reaching the Goods or merchandise or Services to the end user or ultimate consumer.

### Structure of Retail Industry

The retail industry continued in India in the form of Kiranas till 1980. Soon, following the modernization of the retail sector in India, many companies started pouring in the retail industry in India like Bombay Dyeing, Grasim etc. As has been mentioned earlier the retail sector in India can be widely split into the organized and the unorganized sector.

### Organized Retail Sector

After 50 years of unorganized retailing and fragmented Kiranas stores, the Indian retail industry has finally begun to move towards modernization, Systematization and consolidation. Today, modernization is the catch phrase and the key to understanding retail in the next decade and the key to understanding retail in the next decade. Traditionally retailers and the key to understanding retail in the next decade. Traditionally retailers have had localized operations. This localized nature of the industry is changing as retailers face lower growth rates and threatened profitability in home markets. New geographies help them sustain top line growth in addition to enabling global sourcing and encasing on global advantages of getting the best products at optimum prices.

There has been a boom in retail trade in India owing to a gradual increase in the disposable income of the middle class households, as a result of good performance of IT, Service and Infrastructure stores. More and more players are entering the retail business in India to introduce new formats like malls, supermarkets, discount stores, department stores and even changing the traditional looks of bookstores, chemist shops and furnishing stores.

### Organized retail formats prevalent globally

**Supermarkets:** Self-service 4000-20000 sq.ft. stores with shopping carts typically focused on regular groceries, household goods and personal care.

**Hypermarkets:** Huge stores over 40000 sq ft. situated outside the town with ample parking space aimed for bulk purchase stocking electronics, furniture and clothing. Carrefour is the global major in this format.

**Mass Merchandisers:** Large destination stores that sell everything at competitive prices. They have cross-country chain operations with centralized sourcing and a hub-and-spoke distribution. Marko and Sam's Club are leading players in this format.

**Discounters:** Aimed at bargain buyers offering less choice but deep discount on bulk sourcing deals through controlled inventory. Aldi is the world leader in this format.

**Convenience Stores:** Small stores located at convenient points like petrol stations working round the clock.

**Unorganized Retail Sector:** The unorganized retail sector basically includes the local Kiranas, hand cart, the vendors on the payment etc. This sector constitutes about 98% of the total retail trade. As 70% of the employment is generated in Agriculture sector, hence this form of retailing is widely seen in those areas and of course to some parts of the urban. There is a lot of hue and cry in the sector for opening of sector for direct investment from the foreign players, but government cannot neglect the interests of

small players. One of main reasons of not opening this sector to FDI is it may shrink the employment in the unorganized sector and expand that in the organized.

## II. RETAILING FORMATS IN INDIA

**Malls:** The largest form of organized retailing today, located mainly in metro cities, in proximity to urban outskirts. Ranges from 60,000 sq. ft. to 7,00,000 sq. ft. and above. They lend an ideal shopping experience with an amalgamation of product, service and entertainment, all under a common roof. Examples include Shoppers Stop, Pyramid, and Pantaloon.

**Speciality Stores:** Chains such as the Bangalore based Kids Kemp, the Mumbai books retailer Crossword, RPG's Music World and the Times Group's music chain Planet M, are focusing on specific market segments and have established themselves strongly in their sectors.

**Discount Stores:** As the name suggests, discount stores or factory outlets, offer discounts on the MRP through selling in bulk reaching economics of scale or excess stock left over at the season. The product category can range from a variety of perishable/non perishable goods.

**Department Stores:** Departmental stores are expected to take over the apparel business from exclusive brand showrooms. Among these, the biggest success is Raheja's Shoppers Stop, which started in Mumbai and now has more than seven large stores (over 30,000 sq.ft.) across India and even has its own in store brand for clothes called Stop.

**Hypermarts / Supermarkets:** Large self service outlets, catering to varied shopper needs are termed as Supermarkets. These are located in or near residential high streets. These stores today contribute to 30% of all food and grocery organized retail sales. Super Markets can further be classified into mini supermarkets typically 1,000 sq.ft. to 2,000 sq. ft. and large supermarkets ranging from 3,500 sq.ft. to 5,000 sq.ft. having a strong focus on food and grocery and personal sales.

**Convenience Stores:** These are relatively small stores 400-2,000 sq. feet. Located near residential areas. They stock a limited range of high-turnover convenience products and are usually open for extended periods during the day, seven days a week. Prices are slightly higher due to the convenience premium.

**Multi Brand Outlets:** Multi brand outlets, also known as category Killers, offer several brands across a single product category. These usually do well in busy market places and metros.

## III. CHALLENGES OF RETAIL INDUSTRY

The big challenge for the Indian retailing industry is the heterogeneity of the market. It is up to US retailers to evolve with consumers, predict where and what they will spend on, be there and take the highest share of their wallet and use this last leg of the economic chain to build India. At Pantaloon, through our delivery formats, they touch 52% of the customer's wallet. The vision is to capture where the new, young and emergent India is going to spend and capture as close to 100% of their shopping. So far, modern-format retail has scaled up its presence in the metros and a few cities. However, the future will see tier-II and, may be, even tier-III cities attract more retail outlets. Consumer mindset and behaviour is changing in these cities. A growing base of affluent, upwardly mobile consumers have similar needs and desires as their urban counterparts and they are looking for instant gratification. With satellite television, internet and mobile communication available in smaller cities, people are increasingly exposed to how the 'West' lives. Tier-II and Tier-III cities present an enormous growth potential over the next five years and are the future of modern retail in India.

## IV. MAJOR CHALLENGES

**1. Amalgamation or Confusion:** According to TATA Strategic Management Group, India has a high density retail structure of 1 retail outlet per 90 people and is the 9<sup>th</sup> largest retail market in the world. But the structure of the retail industry in India is in utter jumble. The parallel operation of convenience stores, supermarkets, hypermarkets and specialty stores in the economy is bewildering. According to the 'wheel of retaining theory', certain loop holes in one of the forms of marketing can get communicated to other forms also.

**2. What to sell:** Another bemusement is the category of items to be offered. According to researchers, 41 per cent of total consumption expenditure goes to the segment of food and groceries and it accounts for 77 per cent of total retail sales. So it is obvious that this is the most preferred section of retailers. But unfortunately the foible taste bias for 'wet market' (i.e., fresh food available through hawkers) has marred this prospect also. Therefore supply chain management, storage of fresh perishable foods and persuading the customers that the food is inexpensive despite being fresh are genuine challenges to the new comers. Diversifying the product base to consumer products such as readymade garments, furniture's, mobiles and computers can mitigate the losses, if any from food marketing and also broaden the reach to consumers.

**3. People Behaviour:** Indian shopping habits are no different. People tend to attach qualities like honesty, fair price, good behavior etc. to shopkeepers with whom they have been dealing right from childhood. They find no reason to go to a distant megaspore without any genuine reason. This problems is difficult to deal with as it demands a change in long-formed mindset. Organized retail outlets can overcome this problem by employing eligible local people who can interact in vernacular language and win the confidence of people.

**4. Information Technology:** This is a major problem and India must act fast if it wishes to create a smooth field for organized retailing. Digitization of services will make transfer of goods easy and in improvement in supply chain management will definitely play a significant role in attracting more consumers and less consumers grievances. Besides, it will generate easier payments option for customer and easier money movement for the CEOs of these highly diversified malls.

## Other Challenges

**Human resource crunch:** the concern for insufficient manpower in the industry has been in news for the last few months. This fear is somehow unfounded. The retail industry according to recent reports is growing at a rate of 100 per cent. Kishore Biyani's Future Group i.e., the Big Bazaar chain of retail outlet alone provides employment to more than 18,000 people and is planning to expand its employment base to 34,000 by June 2014. If we add to this the foray by Mega players like Reliance and Bharti-Walmart then the fear can surely turn into a misperception. Retailing mainly deals with hard-selling of space, trade of stocks and building of relationships. Since most of the openings are for front line shop people, a graduation will suffice. Nowadays many institutes also provide post-HSC and post-graduate retail specific courses.

**Hindrances from Government:** Some political parties want the government to amend laws and improve curbs so that the mega players cannot openly decimate the unorganized retail sector. This is a conclusion based on a myopic outlook and must be amended for a long term strategy. The fear is baseless of the reasons mentioned above. The mega stores will no doubt provide employment to the less educated masses. Also taking business away especially from small food vendors is more easily said than done. Instead the limiting move will send wrong signals to the investors and will ward off investments when the states need it most. Allowing 51 per cent retail FDI in single brand retailing is a welcome move in this direction. It is expected that the government will create further opportunities for the organized retail to come up as home grown investment is always sweeter than foreign investment.

**Location:** "Right place, right choice". Location is the most important ingredient for any business that relies on customers, and its typically the prime consideration in a customers store choice. Locations decisions are harder to change because retailers have to either make sustainable investments to buy and develop real estate or commit to long term lease with developers. When formulating decision about where to locate the retailer must refer to the strategic plan:

- Investigate alternative trading areas.
- Determine the type of desirable store location
- Evaluate alternative specific store sites.

**Merchandise:** The primary goal of the most retailers is to sell the right kind of merchandise and nothing is more central strategy on the retailing firm. Merchansising consists of activities involved in acquiring particular goods and services and making them available at a place, time and quality that enable the retailer to reach its goals. Merchandising is perhaps, the most important function for any retail organization, as it decides what finally goes on shelf of the store.

**Pricing:** Pricing is a crucial strategic variable due to its direct relationship with firm's goal and its interaction with other retailing elements. The importance of pricing decisions is growing because today's customers are looking for good value when they buy merchandise and services. Price is the easiest and quickest variable to change.

**Target Audience:** "Consumer the prime mover", "Consumer Pull", however, seems to be the most important driving factor behind the sustenance of the industry. The purchasing power of the customers has increased to a great extent, with the influencing the retail industry to a great extent, a variety of other factors also seem to fuel the retailing boom.

**Scale of Operations:** Scale of operations includes all the supply chain activities, which are carried out in the business. It is one of the challenges that the Indian retailers are facing the cost of business operation is very high in India

## V. NEED FOR THE PRESENT STUDY

While the format suits the urban areas, it does not suit in the rural areas in a country like India. Today, in India, organized retailing is confined to class A cities, the 23 largest cities. About 82 per cent of organized retailing comes from the top six cities and another 12 per cent from the next four. Thus, the top 10 cities account for 94 per cent of all organized retailing in India. The scattered location of consumers has been the main deterrent to the rapid spread of the idea in the rural areas. Purchasing patterns are not very conducive. Even in urban centres, the purchasing patterns of the Indian consumers differ from those of westners, whereas in the west, the purchases are spread better over the month, in India. Purchases are by and large made in the first week of the month. This perhaps has a correlation to patterns of payment of wages; purchasing patterns differ also because of the difference in the eating habits of people. Inadequate growth of brands is another factor. In India, branding was almost not-existing in convenience products until recently; this has naturally inhabited retailing through sophisticated chains. As suppliers are not properly organized in the country, replenishment of stock poses problems for large chains. Source development also poses special problems. Another reason for the slow pick-up of mega retailing idea in India is that all along retail enterprises have been family concerns. And, family businesses usually have a limitation in expansion. Real estate is an integral requirement of large scale chain store operation. One needs a large number of stores in each city to achieve optimum scale. Also, big chains have to operate in several cities. Real estate thus becomes crucial. That is why groups that have been in real estate and hotel businesses are more comfortable in branching off into retailing. From other firms, real estate developments are a problem; they do not command property in prime locations. Since, the above problems in the retail industry, limited studies are available. In order to fill-up the research gap, the researcher has proposed such a study.

## VI. STATEMENT OF THE PROBLEM

The income of an average Indian is increasing and thus there is a proportional increase in the purchasing power. In addition to this infrastructure is improving greatly in all regions is benefiting the market. Indian economy and its policies are also becoming more and more liberal making way for a wide range of companies to enter Indian market. In this context, Indian population has learnt to become a good consumer and all national and international brands are benefiting with this new awareness. Another great

factor is the internet revolution, which is allowing foreign brands to understand Indian consumers and influence them before entering the market. Due to the reach of media in the remotest of the markets, consumers are now aware of the global products and it helps brands to build themselves faster in a new region. However, despite these factors contributing to the growth of Indian retail Industry, there are a few challenges that the industry faces which need to be dealt with in order to realize the complete scope of growth in Indian market. Foreign direct investment is not allowed in retail sector, which can be a concern for many brands. But Franchise agreements circumvent this problem. Along with this regulations and local laws and real estate purchase restrictions bring up challenges; and with good planning, timely implementation and a media campaign that touches Indian consumers any brand can go far ahead in the Indian Retail Revolution. In order to maintain the sustainable development in the retail market, the researcher has made an effort to study the problem in the Indian retail market.

## VII. REVIEW OF LITERATURE

Laura Ilonen *et al.* (2011) clarified the different roles and implications of a manufacturer's branded retail operations on its international strategy. The roles are analyzed through two dimensions, brand strength and the role of branded retail as a sales channel. A multiple case study approach is used to look at the international development of branded retail in four companies, LEGO, Nokia, Iittala and H & M. This study finds that there are at least two approaches to implementing branded retail strategy internationally that can be and often are overlapping. Emphasis on branding appears to be important in both approaches. However, the role of the branded retail as a direct sales channel differs between the case companies. The paper discusses and demonstrates the importance and role of branded retail for companies not generally seen as retailers, from both sales and brand management perspectives.

Arpita (2013) *studied* to understand Indian consumers' definition of retail service quality with respect to small retailers and influence of hedonic and utilitarian shopping values in determining their expectations towards small retail service quality. Data were collected through a small retail store-intercept technique in four cities of Northern India (n=386). The results indicate that small retail service quality for Indian consumers comprises ambience, layout, and service/relationships dimensions. Hedonic and utilitarian shopping values influence consumers' service quality evaluations. The study did not consider demographic variables like income, education, and occupation as factors that might affect consumers' perceptions towards retail service quality.

Christian and Johan (2013) contributed to the on-going cultural turn in retail marketing by offering an overview of the interdisciplinary field of socio-cultural retailing and discussing how this body of work can contribute conceptually, methodologically and substantively to the field of retail marketing. The study was based on a literature review of socio-cultural retail studies in marketing, cultural geography, sociology, and anthropology. The literature was analysed in relation to the substantive, conceptual and methodological domains of retail marketing. Drawing on the literature review, the authors argue that socio-cultural retail studies can contribute to the field of retail marketing substantively, conceptually and methodologically, thus broadening its current scope and domains.

Shilpa and Rajnish (2013) aimed at developing a reliable and valid measure of retail customer experience. Scientific scale development process has been followed. Survey methodology was used to collect data. The results are tested for reliability and validity using Confirmatory Factor Analysis. The study conceptualizes retail customer experience as a reliable and valid multidimensional construct, explained in four dimensions: leisure, joy, distinctive and mood. It was confined to only "brick and mortar" personal lifestyle retail stores. Mediating and moderating effects of contextual variables and the influence of antecedents have not been studied. It provides insights into the "delivered" retail customer experience as perceived by the shoppers for future research.

Sanal Kumar (2014) studied to understand the influences on the prevalence of rural retailing institution of periodic markets. It examines the influence of access to and population of the location on the performance of periodic markets and their effect on the competition between periodic markets and local rural retail stores. Simultaneous cross-sectional study on census data is used to understand changes in performance of periodic markets in the context of growth in retail stores. The superior performance of local retail shop compared to outshopping in periodic markets is contrary to observation in literature developed in the context of urban outshopping. According to him, retail chains need to develop a separate program for location of outlets that serve rural areas as access influences retail performance. In rural areas marketers can use traditional periodic markets in addition to conventional retail store given the limited inter-format retail competition.

## VIII. OBJECTIVE OF THE STUDY

- To examine the personal problems experienced among the retail entrepreneurs with respect to their demographic variables.

## IX. RESEARCH METHODOLOGY

The study examines the personal problems experienced by the retail entrepreneurs are compared with respect to the demographic factors of respondents who are involved themselves in the retail business at NCR Region. Hence, method adopted for this research is descriptive in nature, which explains the relationship among these factors.

### Population and Sample

The retail entrepreneurs who have been involved in the retail marketing business namely, Grocery shop, Stationery shop, Food products, Electronic products, Textile shops and Fancy stores etc. at NCR region. Population of the study is infinite.

**Sample Size**

The possibility of sample elements with the targeted retail market entrepreneurs in the study area, the researcher has approached the entrepreneurs. The sample size of the study is 410 retail entrepreneurs from different zones of NCR

**X. RESULTS**

The findings of the study are presented in Table – 1 with respect to the demographic variables of the retail entrepreneurs in detail.

<b>Table - 1. Mean, Standard Deviation and 'F' value of perceived Personal problems among the different group of the respondents. Demographic Variable</b>	<b>Categories</b>	<b>N</b>	<b>Mean</b>	<b>S.D.</b>	<b>'F'</b>	<b>'p'</b>
Age (years)	Upto 30 years	155	3.57	0.34	8.139	0.001
	31 - 40 years	132	3.41	0.37		
	41 – 50 years	63	3.52	0.46		
	Above 50 years	61	3.41	0.41		
Gender	Male	309	3.50	0.42	0.710	0.476
	Female	101	3.42	0.35		
Marital Status	Married	196	3.42	0.42	4.916	0.001
	Unmarried	214	3.57	0.36		
Educational Status	Post-Graduate	104	3.54	0.51	3.126	0.041
	Graduate	76	3.42	0.34		
	School level / Diploma	231	3.51	0.34		
Type of Enterprise	Grocery Shop	37	3.33	0.24	6.136	0.001
	Stationery Shop	30	3.49	0.27		
	Food Products Shop	83	3.56	0.54		
	Electronic Products Store	183	3.55	0.37		
	Textile Shop	24	3.46	0.18		
	Medical Products Store	37	3.13	0.08		
	Footwear Store	17	3.04	0.61		
Monthly Income	Upto Rs.25,000	100	3.61	0.34	14.626	0.001
	Rs.25001 to 30000	27	3.41	0.45		
	Rs.30001 to 35000	56	3.27	0.42		
	Above Rs. 35000	227	3.52	0.36		
Family Type	Nuclear	230	3.43	0.40	9.214	0.001
	Joint	180	3.52	0.38		
Number of Dependents	One	112	3.72	0.26	32.526	0.001
	Two	148	3.31	0.37		
	Three	46	3.46	0.17		
	Four and above	104	3.55	0.47		
Place of Establishment	Home based	265	3.51	0.30	27.820	0.00
	Nearer to residence	47	3.12	0.51		
	Food Products Shop	89	3.64	0.46		
	Others	9	3.36	0.06		
Nature of Business	Hereditary	293	3.51	0.30	1.958	0.046
	First Generation	117	3.46	0.58		

Form of Organization	Sole Trade	119	3.64	0.42	35.425	0.001
	Partnership	186	3.52	0.36		
	Limited Company	89	3.22	0.32		
	Other	15	3.61	0.08		
Experience in Retail Business	Upto 5 years	243	3.57	0.41	32.061	0.001
	6 to 10 years	138	3.41	0.35		
	More than 10 years	29	3.15	0.02		
	<b>Total</b>	<b>410</b>	<b>3.50</b>	<b>0.40</b>		

## XI. PROBLEMS AMONG THE RETAIL ENTREPRENEURS

The findings of the study are presented hereunder with respect to the demographic variables of the retail entrepreneurs in detail.

- Though there exists difference among the different age group of the respondent on their perceived Personal problems, upto 30 years age group has slightly more personal problems. There is significant difference among the different age group of the respondents.
- Male respondents have slight variation on their perceived Personal problems than their female counterparts. There is no significant difference between male and female respondents on their perceived Personal problems.
- Unmarried respondents have more Personal problems than their married counterparts. It means there is a significant difference between married and unmarried respondents on their perceived Personal problems.
- Post-Graduates have perceived higher Personal problems than others. There is a significant difference among the different categories of the respondents according to their educational status.
- Personal problems are found to be more for Food Products Shop and Electronic Products Store. There is a significant difference among the different categories of the respondents according to their Type of Enterprise.
- Monthly income-wise 'upto Rs.25,000' monthly income group respondents have higher perceived Personal problems among them. It means there is a significant difference among the different categories of the respondents.
- Joint family type respondents have higher variation on perceived Personal problems than their nuclear family type counterparts. Also there is a significant difference between nuclear and joint family type respondents on their perceived Personal problems.
- The respondents who have only one dependent as well as three dependents have higher Personal problems than other categories and there is a significant difference among the different categories of the respondents according to their number of dependents.
- The respondents who have their Place of establishment in the 'Food Products Shop' Type of Enterprise have perceived higher Personal problems than others. It means there is a significant difference among the different categories of the respondents according to their Place of establishment.
- The respondents who have been involved in Hereditary business have perceived higher Personal problems than their First Generation counterparts. Also there is a significant difference between Hereditary business and First Generation entrepreneurs on their perceived Personal problems.
- The respondents who have Sole Trade and Other form of organization have perceived higher Personal problems than other groups. Also, there is a significant difference among the different categories of the respondents according to their Form of Organization on perceived their Personal problems.
- The respondents who have upto 5 years experience in the Retail Business have perceived higher Personal problems than others. Also, there is a significant difference among the different categories of the respondents according to their experience in Retail Business on perceived Personal problems.

## XII. SUGGESTIONS

Gender, Type of Enterprise, annual income, number of dependents, Nature of Business and Form of Organization have negative influence on personal problems. In this study, majority of the respondents have expressed that excessive burden, work responsibilities, tension and more challenges in their business. Hence, it is suggested that they have to plan their work systematically and to delegate their responsibilities to the employees, which may reduce their personal problems.

### XIII. CONCLUSION

Personal problems are experienced more among the respondents' groups according to their demographic variables are known from the study. These are namely, Age-wise, 'upto 30 years', Gender-wise, 'Male', Marital Status-wise, 'Unmarried', Educational Qualification-wise, 'Post-Graduates', Type of Enterprise-wise, 'Food Products Shop' and 'Electronic Products Store', Monthly Income-wise, 'upto Rs.25,000' group, Family Type-wise, 'Joint family type', Number of Dependents-wise, 'one dependent' as well as 'three dependents', Place of establishment-wise, 'Food Products Shop', Nature of Business-wise, Hereditary business, Form of Ownership-wise, 'Sole Trade' and 'Other form' and Number of years experience in retail business-wise, 'upto 5 years experience' in the Retail Business have perceived higher Personal problems.

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