

Insights into Un-organized Retailing with specific reference to Nashik city, Maharashtra

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This research paper is essentially about retailers and their insights. The study is about retailers in the unorganized sector in Nashik city of Maharashtra; dealing in grocery and other convenience products. About 49 retailers responded to the survey and indicated that they are in to the business since more than 20 years on an average and do feel the presence of e-tailers as well as organized sector players. However, the retailers continue to serve their customers due to the service and availability of the products as also the credit facility being given. The retailers demand more attention from the Government and the producers to remain competitive in the business. They appreciate and acknowledge the patron customers who are their repetitive clients. The insights of the paper is helpful to students of retailing and maybe of help for further in-depth research.

Key Words : Retailers, Un-organized Retail, Nashik City.

Introduction:

"Retailing includes all those activities in selling goods or services to final consumers for personal, non-business use"¹. Retail sector in India has been one of the most dynamic sectors with a very promising potential for growth. The retail industry accounts for about 10 percent of the Gross Domestic Product and 8 percent of employment. It occupies fifth position in the world with respect to retail space². Large customer base, aspiring middle class, growth potential in metro cities as well as smaller towns across the country are some of the reasons for growth in the retail industry. Food and grocery dominate the retail sale followed by lifestyle products, electronic items and other products. India has second rank in the Global Retail Development Index (GRDI)³ in 2021. The retail market comprises of the organized and unorganized sector. Unorganized sector comprises of road-side shops, stand-alone stores dealing in stationery, grocery and / or food items. In contrast, organized retail is where customers can buy products and services in a similar purchase environment in more than one physical location⁴.

This study is about retailers in the unorganized sector in Nashik city which is a district in the state of Maharashtra. Nashik has a population of 61,09,052 with a geographical area of about 15,582 square kilometres in the Northern part of the state⁵. The key objective was to gather insights in to the various aspects of retail market in the city. Data was collected in May and June, 2023 from more than 40 retailers dealing in grocery, food items and personal care products. The outcome of this study may be of interest to academicians and researchers who are keenly following the developments in the retail

market in this part of the state.

Literature review:

Even though, the organized retail sector has seen significant growth in the last few years, the unorganized sector shall continue to dominate due to the uniqueness of the Indian market⁶. Technology is set to play an important role in the retail landscape as it does in other sectors⁷. However, in the case of retail it has resulted into sweeping changes. For example, the opportunities for sale and purchase are available round the clock with the advent of internet based online transactions.

A study on the impact of organized sector on unorganized retail concludes that, organized retail definitely has resulted into better choice for customers. It has introduced competition and un-organized sector stores are looking at various strategies to make their offer competitive⁸. Another author opines that, neighbourhood retailers do provide a lot of services to clients in form of, assortment of products under one roof, affordable prices, home delivery and personal touch, which is the reason for their survival⁹. Growing strength of organized retail sector, increased spending power of the youngsters, better purchasing power, emergence of credit cards and changing mindset of customers towards quality of life are some of the trends noticed in the Indian retail sector¹⁰. Traditional retail outlets in the un-organized sector are relatively small in terms of operations and are easy to run as compared to large stores with respect to place, investment and manpower¹¹⁻¹². Concludes that, it would augur well for the organized and un-organized sector if they work together for better prospects to the retail sector in general. It is estimated that the size of the un-organized retail sector in India amounts to Rs.5,83,000 crores⁶.

Research Method:

The research is descriptive in nature and comprises of primary and secondary sources of data for deriving conclusions. To obtain insights of the retailers, a questionnaire was designed with closed and few open-ended questions. The same was administered to retailers in Nashik. Forty-nine responses were complete in terms of data. who were owners or partners in the outfit. The data was collected in the months, May and June, 2023. The data collected was analysed for drawing inferences.

The paper has following objectives:

1. To understand the profile of an average traditional retailer in Nashik city.
2. To know about the opinion of the retailers about the business and customers in general.
3. To get insights on the expectations of the retailers from the Government and the manufacturers.

Questionnaire was administered to 55 retailers in Nashik city. Out of the responses received, 49 responses were found valid and complete. The sample size for the study was 49. An in-depth interview was conducted to understand the insights of the retailers. The scope of the study was limited to Nashik city.

Results and Discussion:

1. Profile of the respondents:

The following table depicts profile of the respondents under the study. It can be inferred that most retailers are well-educated and experienced and prefer sole-proprietorship format for business, which is now settled in terms of years of being in the business.

Table 1: Profile of the respondent retailers, Source: Primary Data

Sr. No.	Parameter	Details			
1.	Educational Background	SSC	HSC	Graduate / PG	Post-Graduate
		02	06	31+10	10
2.	Experience (in years)	Less than 10	10-20	More than 20	
		15	23	11	
3.	Type of firm	Sole-proprietorship	Partnership	Private firm	
		31	05	13	
4.	Year of establishment & number of retailers	1984-1994	1995-2005	2006-2015	2016-2023
		05	19	19	06

2. Number of companies the retailers purchase from:

It is seen that the number of sourcing companies for various products is quite significant for a small outlet, as it increases the complexities of operations.

Table 2: Number of sourcing companies, Source: Primary Data

Sr. No.	Number of companies for sourcing products	Number of retailers
1.	Less than 20	15
2.	21-40	18
3.	41-60	06
4.	More than 61	10
	Total	49

3. Categories of Products sold by the retailers:

Grocery items, followed by personal care products, lead the sales in terms of product category followed by over-the-counter medicines and edible items.

4. Opinion of the retailers about changes in the sector:

The following graph depicts the opinion of the respondents about changes occurring in the retail sector. Two factors are prominently felt by the retailers; namely, competition and change in technology.

49 responses

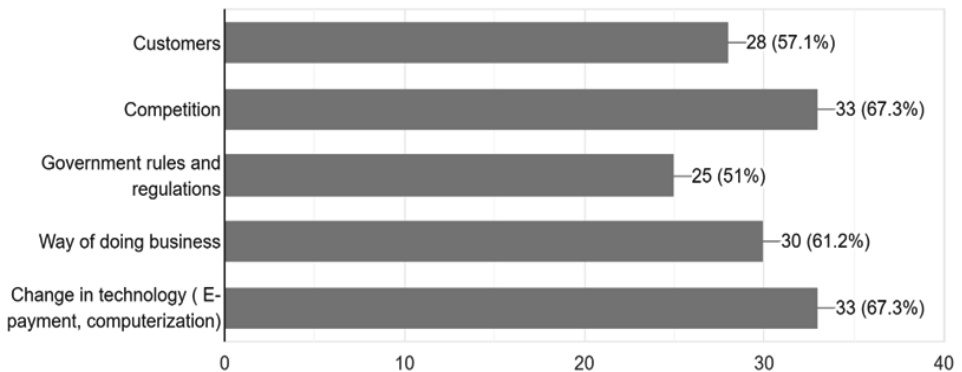


Figure 1: Opinion of the retailers, Source: Primary data

5. About credit facility given to customers:

More than 87 percent retailers offer credit facility to their customers. However, about 36 percent also indicate that in spite of the facility, the payment is not received in time. For small outlets this often results into lesser cash liquidity.

6. Challenges confronted by retailers:

The difficulties faced by the respondents mainly are about erratic demand, shoddy quality, despatch delays, resource crunch and inadequate support from manufacturers. The following figure depicts the same.

49 responses

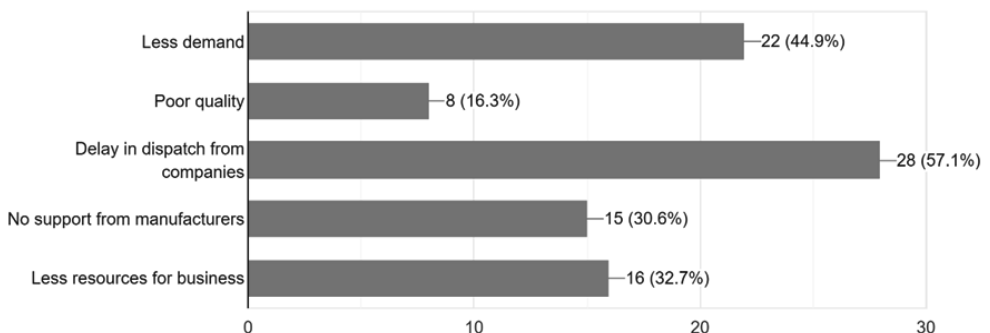


Figure 2: Opinion of the retailers, Source: Primary data

7. Opinion about impact of organized sector:

Traditional retailers are very much aware about the increasing size and scale of the

organized sector. More than 44 percent see it as a threat whereas, only 22 percent decline this. This has made them look for different ways to enhancing value for money to their customers. Even in this scenario, about 90 percent of the shop-owners are satisfied being in this business.

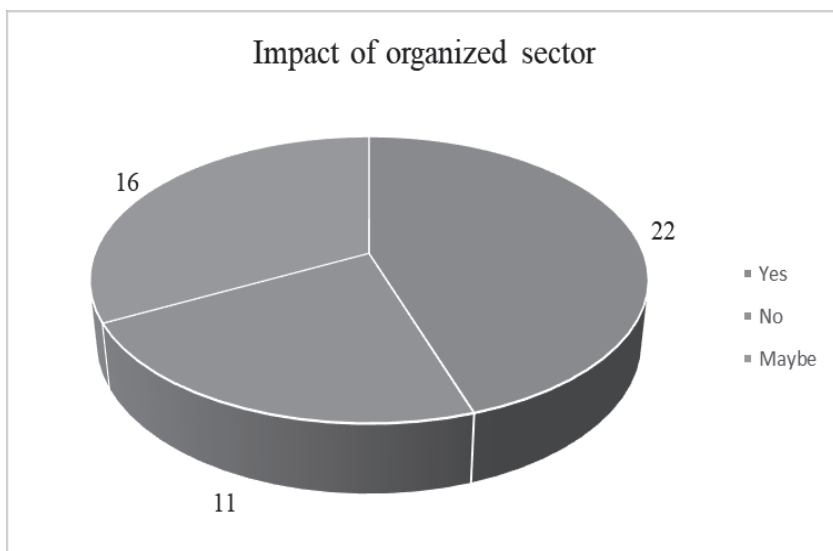


Figure 3: Opinion of the retailers about organized sector, Source: Primary data

8. Expectations of the retailers from the Government and local associations:

1. Reduction in taxes and subsidized documentation for small set-ups
2. Promotion of small businesses and the products offered by them
3. Adequate funding and schemes for promotion of small outlets
4. Organising exhibitions for retailers in the city
5. Government organised periodic Retail shop owner meetings
6. Relook at the rules and regulations in accordance to the changing times
7. Business support programs
8. Ease of doing business and simplifying the licencing procedure, relook into GST
9. Better infrastructure related to business; namely parking, roads and internet connectivity

9. Services expected from the manufacturers:

- a. Quality products, and timely delivery
- b. Reasonable rates, with credit facility; especially for large quantity ordered
- c. Provision of customized products for bulk orders
- d. Manufacturers are expected to provide services encompassing product development, manufacturing, customization, quality assurance, and after-sales support to meet customer needs.

- e. Better profit margins, dependability and flexibility in certain operations
- f. Expectation to feel heard, appreciated, and valued.
- g. Competitive margin schemes in comparison with malls and supermarkets and support for promotion and display.
- h. Manufacturers should provide faster assistance for queries related to their products.

10. Description of the average consumers:

The consumer description ranged from domestic helpers, house-wives, aware and looking always at value-for-money. The retailers appreciate and acknowledge the support of their customers. Following are the statements made by the retailers describing their clients:

- a. Average consumer is for daily products like bread, milk and though the amount is less at one time, consistent demand is seen.
- b. Customers are experience-oriented and want personalization and customization
- c. Expect good quality at low price
- d. Customers are becoming value-conscious, are brand loyal and are influenced by social media
- e. Customers are aware about brands and know their own needs
- f. Customers are loyal and satisfied about the service
- g. Our business is mostly dependent on local-loyal customers for decades who are also price-sensitive.

11. Response about retailing in general:

The response about retailing in general as a choice of livelihood evoked the following responses, which give an indication of the trends in this field.

- a. I am satisfied being involved in this business, but feel that customers should co-operate during rush hours in medical store
- b. Location matters a lot while setting up a business.
- c. Consumers should purchase products from stores not from malls
- d. 60 percent of our customers are repetitive
- e. Due to an increase in online payment method consumers prefer to make payments using this facility which leads to reduced flow of liquid cash. Another observation is that, there is a decline in the business because of E-Commerce. Very often products are available at a cheaper rate, and customers may prefer those.

Conclusions:

The study on retailers in the unorganized sector in Nashik city indicates that the unorganized sector will continue to occupy an important place in serving customers for their daily needs. This is in spite of the fact that large players have entered the field of retail in the form of organised sector. Retailers also are aware about the threat posed by online e-tailers and feel the need to strategize in a distinct manner. Producers need to appreciate the contribution of the retail sector in making the right products available at the right time and place, and be attentive to their feedback on a continual basis to get a

‘real feel’ of the market place.

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