THE SCOPE OF ORGANISED RETAIL SECTOR IN KERALA, WITH SPECIAL REFERENCE TO PALAKKAD DISTRICT

ANNEXURES

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(NAAC Accredited at B Level)

Executive Summary of the UGC Minor Project entitled

THE SCOPE OF ORGANISED RETAIL SECTOR IN KERALA, WITH SPECIAL REFERENCE TO PALAKKAD DISTRICT

Introduction

Retail is currently the flourishing sector of the Indian economy. This trend is expected to continue for at least the next two-three decades, and it is attracting huge attention from all entrepreneurs, business heads, investors as well as real estate owners and builders. Availability of quality, retail space, wider availability of products and brand communication are some of the factors that are driving the retail in India Retail sector is also supporting to create huge employment while a new form of organized retail sector has emerged within the retail industry and it gave speedy phase to Indian retail sector.

The Indian retail industry is now beginning to evolve transformation that has swept other large economies. There is a vast change in Indian retail, the liberalization of the consumer goods industry initiated in the mid-1980's and accelerated through the 1990s has begun to impact the structure and conduct of the retail industry. The concept retail, which includes the shopkeeper to customer interaction, has taken many forms and dimensions, from the traditional retail outlet and street local market shops to upscale multi brand outlets, especially stores or departmental stores.

Organized retailing refers to trading activities undertaken by licensed retailers, those who register for sales tax, income tax etc. These include publicly traded supermarkets, corporate backed hypermarkets and retail chains and also privately owned large retail business. The noted Indian retailers include future group, Mahindra, Reliance, Fabindia etc. Foreign companies like Carrefour, Tesco etc are planning to operate in our country in the near future.

Statement of the Problem

In Kerala, there has been an explosion in retailing in the last few years. Organised retailing is spreading and making its presence felt in different parts of the State. The major national retail players in the State include the Spencer's, Reliance, Big Bazaar, and Fabmall alongside local chains like Margin Free Markets and Varkey's. In Kerala, a sector of people is opposing the retail giants because it will spoil the retail sector. But in Malabar region, a group of customers has decided to raise their voice in favor of the big retail chains if it means better bargains for them. In Kozhikode, the Upabhoktru Samrakshana Samiti (Consumer Protection Committee) in 2007 organised its first rally welcoming the entry of organized retailers about 2000 people participated and raised the voice in favour of a proposed retail outlet there. But however the consumer's demand goes diametrically against the stand of the Kerala Vyapari Vyavasayi Ekopana Samiti (KVVES) that are against the entry of big players into the retail arena.

Retailing in Kerala is a subject too subtle and relevant; as Kerala is known of more as a consumer State rather than a producer State. The introduction of Margin Free Markets has turned out to be a grand success resulting in it becoming one of the largest retail chains in the country. The future of retailing looks bright with the proposed entry of many major organized retailers. There are many who argue that small traders will be badly hit. Others argue that the farmers in the State will stand to benefit, while there will be choices plenty for the consumers. However, the government in the State is in favour of the thousands of small retailers who are united under the banner of KVVES.

The study is intended to concentrate on the organized retail sector in the Palakkad district of Kerala. The study will focus on consumers of supermarkets, malls, hypermarkets, departmental stores etc. situated in Palakkad district. It will also cover the traditional retailers and their consumers.

Objectives of the Study

1. To find out the attitude of consumers towards organized stores in Palakkad District.
2. To compare the attitude of consumers towards organized and unorganized retail sector
3. To find out whether consumers prefer the new shopping experience provided by the organised sector to the traditional organized shops.
4. To analyse the various socio-economic, psychographic, patronage and situational forces affecting the buyer behaviour of people in Palakkad District.

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Research Methodology

The study is descriptive and analytical in nature. The details regarding type of sampling, variables used, data collection and data analysis has been stated below.

Type of Sampling

Convenience sampling has been adopted to select the respondents. The sample size consists of 70 respondents from the district of Palakkad.

Variables Used

The demographic factors, shopping details, patronage forces regarding the favourite shops, psychographic factors affecting buying decisions and also the attitude of respondents towards organize and unorganized retailing has been considered for the study.

Data Collection

A well structured questionnaire has been prepared for primary data collection. Secondary data has been taken from websites, books, journals and other reliable sources. Likert five point scale has been used for scaling.

Data Analysis.

Modern statistical tools with the help of SPSS have been used for analysis. The collected data has been presented in tables and diagrams. Percentage analysis along with mean and standard

deviation has been considered for analysis. To test the hypothesis, Independent sample t test has been used.

Hypothesis used

Eight hypothesis have been formulated to study the gender wise difference in the attitude towards small scale and organized shops. They are:-

1. There is no significant difference in the attitude among male and female respondents regarding the statement that more shops should be opened in the state.

2. There is no significant difference in the attitude among male and female respondents regarding the Essentiality of organized outlets in the development of the town.

3. There is no significant difference in the attitude among male and female respondents regarding the statement that Big Outlets are eliminating the exploitation by middlemen.

4. There is no significant difference in the attitude among male and female respondents regarding the statement that Small shops are essential in the economy

5. There is no significant difference in the attitude among male and female respondents regarding Both Traditional and Organized Sectors to be Given Equal Importance

6. There is no significant difference in the attitude among male and female respondents regarding the statement that Traditional Sectors to be Given Adequate support by government

7. There is no significant difference in the attitude among male and female respondents regarding the statement that Traditional Shopkeepers having close relationship with customers than Big Shops.

8. There is no significant difference in the attitude among male and female respondents regarding the statement that Commercial Banks are providing financial assistance to the small outlets.

Scheme of the Study

The project consists of five chapters. a) Introduction b) Retailing in India c) Review of Literature d) Data analysis e) Findings, suggestions &conclusion. Detailed data analysis done using SPSS and other statistical tools.

FINDINGS

- 54.3% of the respondents are from less than 30 age group.37.1% are middle aged and only 8.6% belong to above 55 age group.
- Out of seventy respondents, 34.3% are undergraduates, 35.7% are post graduates and remaining are graduates.
- Most of the respondents belong to salaried class, 21.4% are students, 20% are doing business and 18.6% are agriculturists.
- 32.9% of respondents are having very low annual income but 31.4 % belong to high income families
- Majority of respondents belong to family size between 3to 5 and 34.3% belong to very small families.
- Among the seventy respondents, most of them (42.9%) preferred Big Bazaar,14 of them(20%) like supplyco,18.6% choose margin free market and 10% like to purchase from other shops. Only 8.6% of the respondents like to purchase from Reliance outlets.
- Majority of the consumers (68.6%) are regular while others (31.4%) are irregular.
- Most of the respondents (51.4%) visit the retail outlet they prefer once in a month. 22.9% of them visits every week and 10% visit fortnightly.15.7% of them are occasional visitors.
- Majority of the respondents has to travel more than 5 kilometers to reach the outlets. Only 5.7% of them reside near the outlets.
- Most of the respondents use their own two wheelers and four wheelers (38.6% each) for shopping while others use public transport and similar conveyances.
- Most of the respondents (47.1%) are spending half an hour to one hour in the retail outlets while 13 of them spent more than two hours. 15.7% take one to two hours for shopping while 18.6% take only less than 30 minutes.
- Wider choice of products is the main store attribute influencing the consumers with mean value of 4.39.
- Availability of good quality products is a highly important factor with 4.36 mean value.
- Store cleanliness is also a highly important factor having mean value 4.24.

- Variables such as convenient store location, accessibility and convenient operating hours are important from the point of view of consumers in making buying decisions as they are having mean values of 3.1, 3.49 and 3.74 respectively.
- Well known branded products, lower prices, store space, branded store, special day and promotional offers are also important variables influencing the consumers with sufficiently good mean values.
- Store attributes such as friendliness of sales personnel, product knowledge of salesmen, checkout lines, customer programmes and value added services are considered important by consumers.
- Consumers are also interested in display, ambience, electronic payment, parking facilities and after sales services.
- The consumers are not considering factors such as credit facility, gift vouchers, store design, refreshment facilities and home delivery of goods. These factors are showing low mean value.
- Among the ten psychographic factors considered for analysis, it can be inferred that the feeling that 'only high class people shop there' influence the consumers highly in purchasing from big outlets having a mean value of 3.8 with standard deviation 1.016. Most of the respondents do not care about sharing their experiences with friends and relatives and that factor is showing the lowest of 2.87 mean with standard deviation 1.115. All the other factors like sense of belongingness, excitement, fun in shopping, security, price, shopping with friends and family etc are influencing consumers and they are showing mean value between three and four.
- The consumers are having a soft corner towards small scale retailers. They feel that the small scale shopkeepers have close relationship with customers than big shop. The statement is having highest mean 4.26 with 0.912 as standard deviation.
- The consumers also feel that small retail shops are essential in the economy. The statement is having high mean value of 3.99 with standard deviation 0.86.
- Most of the respondents are of the opinion that more number of big shops should be opened in the state.
- They feel that the organised outlets are essential for the development of town.

- The respondents also feel that the organised outlets can eliminate the exploitation by middlemen
- Majority of the respondents feel that both the sectors should be given equal importance.
- Most of them opine that the government should give adequate support to the small scale vendors.
- They feel that the commercial banks should provide financial help to the traditional sector.
- There is no significant difference in the attitude among male and female respondents regarding the statement that more shops should be opened in the state.
- There is no significant difference in the attitude among male and female respondents regarding the Essentiality of organized outlets in the development of the town.
- There is no significant difference in the attitude among male and female respondents regarding the statement that Big Outlets are eliminating the exploitation by middlemen.
- There is no significant difference in the attitude among male and female respondents regarding the statement that Small shops are essential in the economy.
- There is no significant difference in the attitude among male and female respondents regarding Both Traditional and Organised Sectors to be Given Equal Importance.
- There is no significant difference in the attitude among male and female respondents regarding the statement that Traditional Sectors to be Given Adequate support by government.
- There is no significant difference in the attitude among male and female respondents regarding the statement that Traditional Shopkeepers having close relationship with customers than Big Shops.
- There is significant difference regarding the opinion that Commercial Banks are providing financial assistance to small shops. Female respondents are having high mean value compared to male respondents.

SUGGESTIONS

- Traditional sector is facing severe competition from the organised outlets, so the government should provide adequate support to them.

- o The commercial banks should provide financial support to the small scale enterprises at lower rates.
- o Both the sectors are essential for the development of the state, so they should be given equal importance.
- o The organised sector provides more employment opportunities. It is the responsibility of the local authorities to make sure that the localites are benefitted by the opening of the outlets.

CONCLUSION

The study attempted to find out the scope of organised retailing in Kerala, with special reference to Palakkad District. It analyzed various factors affecting the buying habits of consumers such as demographic factors, psychographic factors, shopping details and store attributes. The average consumer like the shopping experience and the wide range of products offered by the big outlets. They prefer to go shopping with their family to such shops. They feel that high class people shop there and enjoy the respect and excitement over there. But still, they consider the small shops are essential for the economy and the government should provide adequate support for the survival of the traditional groups.

Organised sector cannot be discarded as it is essential for the development of the state. Both the sectors should be given equal importance. Together they can contribute to the betterment of the society