CHAPTER VI

SUMMARY OF FINDINGS, CONCLUSIONS AND SUGGESTIONS
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6.1 INTRODUCTION

This chapter presents findings, conclusions and suggestions to the policy makers and directions for further study.

6.2 PURPOSE OF THE STUDY

Retail marketing is a vital system which tunes the economic condition of Indian especially those who are in middle and low income groups. The population of India has crossed 121 crores as per 2011 census declared. These people’s needs are to be catered and fulfilled by retail outlets located all over the place across the country. This is by nature classified as organised and unorganised retail outlets. Mostly the unorganised shops otherwise known as corner shops are very access or locate very near to the door steps of each household. The day to day needs are attained fully with the help of these retail outlets. Though the organised retail shops give tough competition by way of rate, quality, standard, facilities and the like, the unorganised retail shops survive in India. In this context, the issues like buying and handling of merchandise, retail strategy to be adopted by the retailers for the selection of the store sites, financial operation, to bear the risk and the management of human resources, pricing strategy adopted by the retailers in fixing the prices, promotional strategy adopted by the retailers and their impact on business, distribution strategy adopted by the retailers to distribute the products and the problems and difficulties faced in the marketing of their products and services are considered from the point of view of owners of these shops become relevant to the study.

This study is a great asset to the policy maker in all senses of maintaining the same tempo of the unorganised retail outlets as it is and also to the future buds of the research for providing excellent piece of work in the same field.
6.3 METHODOLOGY

This study was conducted in Madurai District of Tamil Nadu. A total of 500 retail units comprising 183 units in Rural area, 179 units in Semi-urban area and 138 units in Urban area of Madurai District were selected at proportionate random sampling method from different areas. The interview schedule consisting of a list of questions was administered for the respondents, to collect information covering the entire functions of the retail unit. The information so collected was tabulated and analysed using different statistical tools like percentile analysis, Garret ranking technique, factor analysis, F-test, multiple regression analysis and index method.

The researcher referred various books, journals, magazines, reports of various research institutes, theses, dissertations and reports of Government kept in different libraries and research institutes.

6.4 SUMMARY OF FINDINGS

With the help of both primary and secondary data, the researcher has presented the summary of findings of the study as under:

6.4.1 Functional Aspects of Retail Marketing Services

6.4.1.1 Operational Functions of Retail Marketing Services

6.4.1.1.1 Socio-Economic Profile of the Retailers

90.2 per cent of the respondents were male. 75.6 per cent of the respondents were Hindus. Majority of the retailers belonged to Backward Community (BC) which accounted for 62.8 per cent. 45.6 per cent of the respondents were in the age group of 30 to 40. 23.4 per cent were with higher secondary level of education. As far as marital status was concerned, 71.8 per cent of the respondents were married. Majority of the retailers belonged to nuclear family which accounted for 73.0 per cent. 41.0 per cent of the respondents’ family size was 4 members. 44.6 per cent of the respondents had their monthly income ranged between Rs. 30,000 and Rs. 40,000. As far as experience was concerned, 40.2 per cent of the respondents each had below 10 years and 10 to 15 years of experience.
6.4.1.1.2 Business Profile

42.4 per cent of the respondents’ business had the age between 5 to 10 years. The previous experience of the respondents had high influence on acquiring skills. 55.2 per cent of the respondents had employees. 94.6 per cent of the respondents practiced as sole proprietorship. 58.6 per cent of the respondents founded their retail shops on their own self determinants. An examination regarding the nature of building revealed that, 53.4 per cent of the respondents had their shops in rented building. In case of capital size of the retailers it was found that, 65.0 per cent of the respondents had capital size ranged between Rs. 2,00,001 and Rs. 10,00,000. 51.6 per cent of the respondents had own capital ranged between Rs. 2,00,001 and Rs. 10,00,000 and 50.7 per cent were having borrowed fund ranged between Rs. 2,00,001 and Rs. 10,00,000. 76.8 per cent of the respondents had less than Rs. 5,00,000 of fixed capital. As far as working capital was concerned, it was found that 44.8 per cent of the respondents had less than Rs. 1,00,000. The overall turnover per month was Rs.1,50,352. The overall profitability per month per unit was Rs. 36,884.50. The profit of the chosen respondents units had high impact of gender, religion, community, age, literacy level, family size, income and existence in retail business of the respondents. 45.6 per cent of the respondents spent 8 to 12 hours in their shop. 74.6 per cent of the respondents spared more than 20 days per month for their business. 55.2 per cent of the retailers were the members of the Trade Owner’s Association.

6.4.1.2 Non-Operational Functions of Retail Marketing Services

Motivation by parents and family members was rated first as the major source of awareness with the overall mean score of 3.8020. However, a high influence of ‘Newspapers and other media’ was apparent in getting awareness about retail outlets. The identified factors among various attributes were mission of smoothness, mission of self-esteem, mission of guidance, mission of compulsion, mission of hope and mission of achievement influenced the establishment of the retail shops. Eigen value for the first factor ‘mission of smoothness’ was 5.075 and it was accounted for 22.064 percentage of variance which indicated that this factor contained very high information than the other factors. Further, mission of smoothness, mission of
self-esteem, mission of hope and mission of achievement were important motivating factors induced the respondents in establishing their retail shops.

6.4.1.3 Real Operational Functions of Retail Marketing Services

6.4.1.3.1 Merchandise Buying and Handling

52.8 per cent of the respondents did not plan for their purchases. 83.2 per cent of the respondents did not appoint any specialist to purchase the products. 57.6 per cent of the respondents did not ask any quotation for purchases. 52.0 per cent of the respondents preferred to buy their products from the regional market. 57.2 per cent of the respondents bought from the wholesalers. 57.6 per cent of the respondents bought their requirements from multiple vendors. The quality of the merchandise was attributed as the major reason for preferring a vendor with a mean score of 55.788. 43.0 per cent of the respondents got trade discount. 49.6 per cent of the respondents purchased on both cash and credit basis. 54.1 per cent of the respondents got 15 to 30 days as a credit period. 30.6 per cent of the respondents bought products in alternative days. 43.6 per cent of the respondents made own arrangement for taking the delivery of goods.

The identified factors among various attributes were richness, allowance, convenience and benefits influenced the product purchases. Eigen value for the first factor ‘Richness’ was 5.177 and it accounted for 25.883 percentage of variance which indicated that this factor contained very high information than the other factors. To the respondents belonging to all the three categories of location of retail shop, ‘Price of the Product’ was rated first as the major motivating factor with the overall mean score of 4.1940. Further, promotional support offered by the vendor, availability of returns, regular supply, demand for the product, brand, free door delivery by the seller, delivery of goods on time, convenient package, easy availability of transportation facilities, trade discount, cash discount and the reasonable credit period were considered by the respondents in product purchases.

Both branded and unbranded products were dealt by 80.0 per cent of the respondents. 86.8 per cent of the respondents sold multiple brands. Regular supply was attributed as the major reason for dealing one brand with a mean score of 59.69. As far as mode of sales was concerned, 57.2 per cent of the respondents sold both in
cash and credit. 96.3 per cent of the respondents accepted cash payment alone. Thirty
days credit period was allowed by 52.0 per cent of the respondents. 57.0 per cent of
the respondents did not have the problem of bad debts. 40.5 per cent of the
respondents had the bad debts below 5 per cent. 65.2 per cent of the respondents
adopted manual billing method.

6.4.2 Strategical Aspects of Retail Marketing Services

6.4.2.1 Location Strategy

54.4 per cent of the respondents’ shops were located in free standing location.
Among the respondents had their shops in free standing locations, 87.9 per cent of
them had it as neighbourhood stores. Among the respondents had their shops in
unplanned shopping centre, 49.0 per cent of their shops were located in
neighbourhood business district. Among the respondents had their shops in planned
shopping centre, 74.2 per cent of them had it at neighbourhood shopping centre. 60.6
per cent of the respondents kept their retail outlets in old building. Normal working
hours during peak season was 13.55 hours and during slack season it was 12.07 hours.
94.8 per cent of the respondents did not have any branches. 66.0 per cent of the
respondents selected the location on their own.

Access, challenge, feasibility, strength, weakness, source and assistance were
the identified factors among various attributes for the selection of area to establish
retail shop. Eigen value for the first factor ‘Access’ was 6.588 and it accounted for
22.718 percentage of variance which indicated that this factor contained very high
influence than the other factors. To the respondents belonged to all the three
categories of location of retail shop, ‘Number of Consumers’ was rated first as the
major motivating factor with the overall mean score of 4.3840. However the
variables like population of the area, demands for a product, availability of labour
force, availability of unskilled labour, number of competitors, qualitative nature of
competitors, availability of transportation facilities, availability of communication
facilities, proximity of suppliers, less rent, and the availability of parking facilities
influenced the respondents in choosing location for establishing retail outlets. The
variable ‘more number of consumers or customers’ was rated first since the overall
mean score was 4.2240. However the variables, more number of consumers, easy
availability of labourers, availability of skilled labourers, nearer to suppliers, easy to
supply to the suppliers, apt place, good transportation facilities, good infrastructure, less cost, less competition and more demand influenced much on the respondents in locating their retail shops.

6.4.2.2 Risk-Bearing Strategy

As far as insurance is concerned, 89.6 per cent of the respondents did not have insurance for their business. Among the respondents taken insurance for their business, 94.2 per cent of them had fire insurance. The amount of insurance taken by the retailers was Rs. 3,18,173.12. Among the respondents taken insurance for their business 40.4 per cent of them were having insurance coverage on the products only. 46.2 per cent of the respondents who took insurance had 75 per cent of coverage. 94.0 per cent of the respondents had insurance did not experience with the claiming of insurance. 54.6 per cent of the respondents attempted in advance purchase to face the risk due to rise in price. 65.8 per cent of the respondents had less purchase in general to avoid risk. 71.4 per cent of the respondents follow the policy of ‘returned the goods to the suppliers’ to manage the risk due to deterioration.

6.4.2.3 Staffing

62.7 per cent of the respondents had employees did not provide any training. 79.0 per cent of the respondents had employees in their shop provide monthly salary. 69.6 per cent of the respondents had employees in their shops provide bonus to their employees. 85.8 per cent of the respondents had employees in their shops did not provide any non-monetary benefits. 56.6 per cent of the respondents did not get any feedback. 69.6 per cent of the respondents who got feedback from their customers did not maintain any data bank.

6.4.2.4 Pricing Strategy

59.0 per cent of the respondents adopted cost-oriented pricing strategy in their business. 59.8 per cent of the respondents levied fixed prices. 73.2 per cent of the respondents offered product matching with price. 71.6 per cent of the respondents charged prices for their products on the basis of products and services offered. 81.8 per cent of the respondents did not charge higher price than the competitors. 58.2 per cent of the respondents did not adopt any markdown on the prices of their products. To the respondents belonging to all the three categories of location of retail
shop ‘Stock Clearance’ was rated first as the major reason for mark down the price with the overall mean score of 4.3460. 57.8 per cent of the respondents sold the products less than MRP. 69.6 per cent of the respondents offered discount for bulk purchases. 65.4 per cent of the respondents did not provide price concession. 61.6 per cent of the total respondents did not permit bargaining. ‘Get Maximum Profits’ was attributed as the major objective of fixing prices with a mean score of 56.096. To the respondents belonged to all the three categories of location of retail shop, ‘target market or customers’ was rated as the major motivating factor for pricing the product with a mean score of 4.2400. Anyhow, target market or customers, demand, competitors’ price, store policies (prestige image), economic condition and Government were considered as the important variables in fixing price by the respondents. The variable ‘Attract Potential Customers’ was rated first in setting pricing strategy since the overall mean score was 4.3340. In fact the variables like attracting potential customers, retain the customers, achieve the targeted market, retain market share, expand the market and achieve the cost influenced much on the respondents in fixing price for their products.

6.4.2.5 Promotional Strategy

50.0 per cent of the respondents faced limited competition. 64.6 per cent of the respondents did not provide any advertisement for their business. The media ‘Word-of-Mouth’ was rated first in advertising the retail outlets of the respondents since the overall mean score of 3.8283. However, local cable channels, telephone, posters and calendars were considered as the important medias in advertising their retail outlets. Among the respondents made advertisement for their business, 37.2 per cent of them incurred 0 to 5 per cent on sales as advertising expenditure. 54.8 per cent of the respondents did not follow any sales promotion measure business. To the respondents belonged to all the three categories of location of retail shop, ‘quantity discount’ was rated first as the major influencing sales promotion technique with the overall mean score of 3.9860. Anyhow, cash discount, daily discount schemes, seasonal offer or discount, festival sale, stock clearance sale, order booking over telephone, free home delivery, buy one get one free, exchange offer, free gifts and price-off pack were considered as the important sales promotional techniques adopted by the respondents. The variable ’Attract Potential Customers’ was rated first in setting promotional strategy since the overall mean score was 4.3080. In fact the
variables like attracting potential customers, retain the customers, achieve the targeted market, increase sales volumes, increase sales revenue, reduce cost, achieve break-even point and meet the competition influenced much on the respondents in adopting promotional strategy in their retail outlets.

6.4.2.6 Distribution Strategy

62.0 per cent of the respondents got orders from the customers by both over the phone and by getting list. 93.6 per cent of the respondents had their business only in Madurai District. 69.6 per cent of the respondents had direct sales. 51.8 per cent of the respondents had door delivery. 66.1 per cent of the respondents did not collect any charges for door delivery. 78.6 per cent of the respondents kept individual or household consumers. 68.0 per cent of the respondents sold both branded and unbranded products. 50.4 per cent of the respondents kept mixed income group of consumers that is the mixture of higher, middle and low income consumers. As far as frequency of visit by the customers was concerned, 69.6 per cent of the respondents’ shop was visited by the customers once in a week. 40.2 per cent of the respondents hold less than 50 regular customers. 42.0 per cent of the respondents’ customers preferred to visit their shops during working day. 42.6 per cent of the respondents said that their customers preferred to visit the shop in the evening. The variable ‘Attract customers from far place’ was rated first in setting distribution strategy since the overall mean score was 4.1200. However the variables like attract customers from far place, immediate need is fulfilled, supply quality commodity at cheap rate, provide door delivery, satisfy the customers, less distribution costs, agents help to increase the sales and meet competition influenced much on the respondents in distributing their products.

6.4.3 Problem Aspects of Retail Marketing Services

64.6 per cent of the respondents faced problems in purchasing. Among the respondents faced problems in purchasing 49.9 per cent of them felt the problem of irregular supply of goods. 64.6 per cent of the respondents did not face any problem in selling the products. 57.8 per cent of the respondents incurred loss due to pilferage, leakage and evaporation. 38.4 per cent of the respondents charged the losses due to pilferage, leakage and evaporation with the prices of other products. 59.0 per cent of the respondents did not have any problem in obtaining loan. The variable ‘Customers
are well mannered’ was rated first in assessing the customers since the overall mean score was 4.1460. Anyhow, customers are well mannered, require individual attention, want to bargain, expect to solve their problems immediately, want to avail the products when they need, quality is given much importance by the customers, customers are price conscious, expect credit facility, expect door delivery, need fresh stock, expect variety of products, customers require branded products, customers are prompt in payments and do not pay instalments properly were considered as the important variables in assessing their customers. 21.4 per cent of the respondents had high level opinion, 61.2 per cent of the respondents had medium level and 17.4 per cent of the respondents had low level opinion on their customers. 39.6 per cent of the respondents did not obtain any complaints from their customers. 40.8 per cent of the respondents provided exchange offer to solve the grievances of their customers.

To the respondents belonged to all the three categories of location of retail shop, ‘Poor risk-taking ability’ was rated first as the major problem with the overall mean score of 4.1760. However, poor risk-taking ability, lack of leisure, excessive burden of work and responsibility, excessive tensions and challenges, lack of time for household work, lack of self-confidence, heavy work schedule, lack of awareness, lack of systematic planning, lack of knowledge about competitors, lack of confidence in others, lack of marketing facilities, scarcity, low density of population, lack of free accessibility, lack of loyalty, lack of support from banks and no regular payment from the customers were considered as the important problems faced by the respondents in doing business.

As far as problems concerned, the analysis of index highlighted different problems which include personal problems, marketing problems, purchase problems, location problems, labour problems, financial problems and customer related problems existing among the respondents.

The profit of the chosen respondents units had high impact of personal problems, marketing problems, location problems, labour problems and financial problems of their units. Ability, assistance, support, discipline and regulation were the important factors expected by the respondents to run their business successfully. Eigen value for the first factor ‘Ability’ was 5.602 and it accounted for 26.677 percentage of variance which indicated that this factor contained very high
information than the other factors. To the respondents belonging to all the three categories of location of retail shop, ‘Recognised by the Society’ was rated first as the major opinion regarding their retail business with the overall mean score of 3.9700. Further the variables like recognised by the society, customer retention is possible, products availability is sufficient, equally meet business and domestic requirements, price fixation is highly profitable, high profit in festival seasons and low cost of capital were considered as the important attributes for success in the retail business.

- These findings have led to the following conclusions.

1. The young backward hindu male run their unorganised retail outlets in general. They are mostly married but having the education of higher secondary alone. A small size family of independent household is the family by nature of them. Their monthly income is between Rs. 30,000 and Rs. 40,000 alone. They have little bit experience in their field.

2. The owners of the retail outlets are sole traders having a less span of existence of their shops which have been started with self-determination in the rented buildings.

3. The normal capital consisting both owned and borrowed capital is the main sources of funds in their unorganised retail outlets. Their investment in fixed assets is the sense of application of fund is also very meagre. In turn to this, the return is also very low per month. However, the owners spend the maximum hours per day throughout the month of 20 working days in their business. Despite its nature of unorganised, they have link with local informal Trade Owners’ Association.

4. The parents and family members are main source of inspiration to start unorganised retail outlets. In fact, the knowledge of retail outlets is gained through media by the unorganised retailers.

5. The usual procedures of purchase are not adhered by the owners of unorganised retailers in general. Indeed they get from different wholesalers with utmost care of quality for both cash and credit at their own risk of delivery. They avail trade discount as well as a credit period of 15 to 30 days for payment. They choose their purchase as well as supplier on the basis of richness of the product, allowances, convenience and benefits being provided to them.
6. Both multi-branded and unbranded products are sold on cash and credit basis to their customers by manual billing system. Though they allow a credit period of 30 days for payment, they demand their customers to pay in cash alone. In general, the problem of bad debts is not up to the remarks.

7. The free standing location, especially of neighbourhood is the nature of location chosen on their own. These are housed in the old buildings without any branches kept open for maximum hours in a day. They consider access, challenge, feasibility, strength, weakness, source and assistance for identification of location to their business.

8. Mostly, the owners of the unorganised retail outlet do not have much experience with insurance for shifting their risk. However, they adopt the policy of buying less number of goods in advance on condition of sale or return basis.

9. The owners of the unorganised retail outlets are assisted by the employees who are not trained by them at any cause but paid the regular salary and bonus without non-monetary benefits.

10. The cost-oriented pricing strategy is adopted by the owners of the unorganised retail outlets. They follow the principle of charging fixed price in tune with equal of product and service.

11. The owners of the unorganised retail outlets experience with little bit of competition from their rivals in their location of business in general. However they do not adopt any promotional strategies in this regard.

12. The household or individual customers are the ultimate end of the channel of distribution for which direct door delivery of goods at free of charge is followed. A small number of regular customers prefer once in a week preferably evening hours of week days for any purchase of their needs.

13. The unorganised retailers face all kinds of problems such as personal, marketing, purchase, location, labour, financial and customers in general. In specific, the irregular supply and pilferage of goods are the main problems in their business. In order to tackle these, the ability, assistance, support, discipline and regulation are very
essential to all owners of the unorganised retail outlets to run their business successfully.

6.5 SUGGESTIONS

1. The Governments of both state and central should form a separate ‘micro and small unorganised retail enterprises board (MSURE), consisting of a representative each from ministry of commerce, chamber of commerce and retail trade owners’ association for monitoring, motivating and assisting all sections of people including SC or ST and OC to establish more number of retail outlets in their residential areas.

2. A separate legislation should be passed to form a large sized sole-trading business in unorganised retail outlets with financial assistance from financial institutions in order to compete with large sized organised retail outlets.

3. A forum of ‘educational circle for purchase’ consisting of members of chamber of commerce, members of financial institutions, members of insurance companies, representative from consumers’ forum and representative from unorganised retail owners’ association should be created in order to educate the traders on purchase and sale procedures, inventory maintenance, risk bearing training to them and their employees, promotional activities and the like.

4. A separate enactment for regulating the working hours of unorganised retail outlets under ‘Tamil Nadu Shops and Establishment Act, 1947’ should be done for the welfare of the employers and employees of these retail outlets.

5. The labour welfare officers should take initiative to fix salary including non-monetary benefits to the employees of unorganised retail outlets.

6. The owners of the unorganised retail outlets should take appropriate steps to avail the facilities of present communication system in order to attract the customers in regards to receive the purchase order in advance through the dynamic system of SMS.

7. The unorganised retailer should plan their purchase based on the trends of the previous years in order to avoid shortage.
6.6 SUGGESTIONS FOR FURTHER STUDY

1. There is a great scope in conducting a similar study in the other unorganised retail sectors like Fruit and Vegetable Shops, Ice-cream Parlours, Automobile Repairing and Servicing Centres, Beauty Parlours, Gymnasiums and the like.

2. The impact of organised retail marketing on the performance of unorganised retail marketing can be studied in-depth.

3. Customers’ satisfaction on unorganised retail marketing services can be studied.

4. A comparative study can also be undertaken on retail marketing services in different states of India.

5. Foreign Direct Investment and its impact on unorganised retail sector can also be studied in depth.

6. There is a scope of studying customer relationship management in unorganised retail outlet.

7. Employees welfare measures in unorganised retail outlets can be studied.

6.7 CONCLUSION

The present study is meaningfully appropriate and relevant as it is concerned with an interesting valuable sector of the economies of the developing district. This study highlighted the existing strategies and problems of the retail units in Madurai District. It is also noted that these retail sectors are inviting large number of small entrepreneur into this business since it is one of the biggest sources of employment in the country. These retail units have wide scope to develop further. Protecting this retail unit is not only needed for promoting the enterprises but also it is need for the society to supply products to the low, middle and higher income group consumers. The findings of the study and a few constructive suggestions made there in will be of immense use to the retailers, workers and the customers to flourish in this trade. However, the united efforts on the part of the retailers with the due support from the Government, banks and other financial institutions would lead the unorganised retail sector towards a prosperous future.