Chapter 6

Conclusion and Suggestions

Conclusion

India is the country having the most unorganized retail market. Traditionally the format of retail is in the form of kirana store, grocery provision and adat shops.

Retailing has become such an intrinsic part of our everyday lives that it is often taken for granted. The nations that have enjoyed the greatest economic and social progress have been those with a strong retail sector. Why has retailing become such a popular method of conducting business? The answer lies in the benefits a vibrant retailing sector has to offer—an easier access to a variety of products, freedom of choice and higher levels of customer service.

The organized retail industry in India did not evolve till the 1990’s, until then the industry was dominated by the unorganized sector.

Today we stand at the crossroad of a retail revolution, after the unorganized retailing and fragmented Kirana stores with very basic offerings, fixed prices, and zero usages of technology and little or no ambience the industry have finally begun to move towards modernization, systematization and consolidation. The retail industry across the country is witnessing exponential growth and expansion. The Indian retail market which is fifth largest retail destination globally, was ranked second after Vietnam as the most attractive emerging market for investment in the retail sector.

The organized retail companies are entering in Indian market with the great enthusiasm. The organized retail companies are shaping the buying habits of the traditional Indian consumers and at the same time Indian consumers are providing vital clues for these organized companies to localize their standard practice.

Aurangabad, capital of Marathwada witnessed many up and downs of organized retail during last few years, presently there are big players like Big Bazaar, More, Reliance and Prozone are functioning in Aurangabad. Organized retail has emerged in Marathwada with Spencer’s hyper market in Aurangabad in 2005 and it is followed by retail chain of Subhiksha, Vishal mega mart.
from Delhi also started their retail outlet in Aurangabad in 2007 near railway station. Then came Pantaloon group’s Big Bazaar which made a grand entry in Aurangabad followed by More, Prozone and Reliance mega mart etc. There are many reasons why many organized players are entering in region of Marathwada, promising market is one of the reasons which attracted many companies towards Marathwada especially Aurangabad. Many studies revealed that organized retail has a share of around 10% in the retail industry of India which has its existence mainly in metro cities of India. Studies further elucidates that tier II cities of India is having huge potential for organized retail with larger population and increased income level of people of small cities.

This research study focuses on estimating market potential for organized retail companies in Marathwada the region of tier II cities viz. Aurangabad, Jalna, Parbhani, Hingoli, Nanded, Latur, Osmanabad and Beed. The changing lifestyles, increased income, buying preferences are the various reasons which may lead to the prospective for the organized retail in the region.

There are many factors which may affect the demand for any product or industry, the research study covering those factors by considering the demographic sample of the respondents like age, gender, education, income and occupation. It is very important to understand customer needs, wants, expectations and their behavior to analyze the potential which is the crucial part of the study. Many companies have started their operations in Aurangabad and also some have closed since the inception of organized retail in the region, the study is a descriptive research which tries to understand the reasons of it and also it examines whether there is really potential for organized retailing in the region. The research was done in the districts of Marathwada viz. Aurangabad, Jalna, Parbhani, Nanded, Hingoli, Latur, Osmanabad and Beed. The sample of 5000 respondents was taken for the study. Separate questionnaire was developed for Aurangabad and rest of the cities of Marathwada.

It has been found after testing the Hypothesis that Aurangabad is promising market for organized retail in spite of closer of some retail outlets in Aurangabad. The reason of closer for those retail outlets is having different reasons. Organized retail culture is liked by the customers of Aurangabad because it is the part of changing life style.

There are potential market opportunities for organized retail companies in rest of Marathwada i.e. cities of Marathwada other than Aurangabad.

Because of its strong presence, bonding and penetration unorganized retail is dominating in the Marathwada region.
Due changing lifestyle, increasing income and increasing young population customer’s buying patterns and behavior is changing. Since evolution of organized retail in Marathwada especially in Aurangabad, organized retail has seen many ups and down in this regions. Aurangabad has witnessed the origination and closing of some organized retail outlets, in this research I tried to find out whether Marathwada really has potential for organized retail or not where some are entering with great enthusiasm and some are closing down.

It has been found that Marathwada is having potential for organized retail especially Aurangabad, the reasons for closer of some retail outlets are different like Subhiksha and Vishal have closed their pan India operations. Big Bazaar and More were having property issues etc. Customers lifestyles are changing, income has increased at the same time customers enjoy shopping experience in mall. Customers are getting attracted by mall culture where they get everything under one roof, freedom of choice they like space and ambience. More over customers get discount for the products they purchase from mall. But still unorganized retailers are dominating the market of Marathwada because of their existence in depth of the population. They have got advantage of location, personal relationship with the customers, credit facility they gives to the customers which customers don’t get from organized retailers.

Organized retail companies should work more on their strategies, they should try to focus on market penetration strategy, it has been observed that super market format is successful in this region organized retailers should focus on it. Organized retail companies should try to work more on customer relationship management to retain the customers, should enhance advertisement media, should work more on conversion ratio by implementing on indoor advertisement and merchandising etc.

Organized retail companies are already functioning in Aurangabad but still there is domination of unorganized retail in districts of Marathwada as maximum number of respondents said they purchase their daily needs from nearby kirana, unorganized retailer should maintain this strength to compete with the organized retail companies. But there is a threat to unorganized retailers from organized retail companies as it may affect their employment if organized retail companies dominate the market. Unorganized retailers should work on discounts and schemes which is the biggest strength of organized retailers.

There are opportunities for organized retail companies in Marathwada at the same time many challenges too.
Suggestions

For Organized Retail Companies:

1. Almost all the respondents like shopping mall and mostly has purchased apparels, cosmetics and grocery this is a positive side to work and malls can attract more visitors by making apparels, cosmetics and grocery as their core competency.

2. It has been observed that most of the respondents go for shopping in shopping mall whenever they see advertisement of that mall in newspaper, organized retail companies must focus on advertisement campaign and should see for more alternatives to increase the advertisement.

3. Malls should opt for s.m.s., emails and telecalling to promote their schemes to membership cards holders. This will attract membership cards holders to shop more.

4. Organized retail should try to give home delivery of the goods purchased from the mall as most of the respondent said they don’t get home delivery of the products they purchase from mall as well as from kirana shop. Organized retailers are having home delivery system they need to work more on it.

5. Organized retail companies should focus on Customer Relationship Management, they should have a special call centre or CRM department to call the customers, inform them about the schemes and do promotion, handle complains etc. with due consent of the customers.

6. Organized retail companies should work aggressively on Customer Loyalty Programs.

7. Organized retail companies should train the sales staff to maintain personal relationship with the customer as this has found that customers don’t have relationship with the sales staff of the organized retail and this is the strength of local kirana owners that they have personal relationship with the customers.

8. Organized retail companies should try to make the availability of the fresh goods, try to upgrade the product range, variety etc. with latest trend.

9. It has been found that organized retail companies are having offers on selected goods and again on those goods which are not famous brands or private labels and on those products which seems old in terms of trend, time and market movement. This shows the awareness of the customers regarding offers and schemes organized retail companies should try to maintain the balance of schemes and offers for all type of goods.

10. Timing of kirana shop is convenient to customers as it open early in the morning and remains open till late night, organized retail companies need to take this seriously and try work out on the timings of the store.

11. It has been found that organized retail outlet is not near to the houses of maximum respondents, they should try to minimize this weakness by adopting penetration strategy. Organized retail companies should come up with the super market format, they should do the tie up with kirana shops or they should adopt franchisee model and give franchisee to
the kirana shops who are already functioning or give some new franchisee. In this model
the shop and space will be owned by the shopkeeper but they will have to use the name of
franchiser, the franchiser will have centralized purchasing scheme so that the kirana shop
will get goods at lower price to sell and the selling price, offers, discounts, schemes will
be uniform throughout the country at all outlets of the company. This help kirana shop
owner to compete with the shopping malls and at the same time organized retailers will
be able to penetrate into the market.

12. It has been observed that shoppers go for shopping whenever there is seasonal scheme,
Organized retail companies should try to remove this mental barrier by providing some
other attractions for the customers so that frequency of visiting malls should maintained
all the time.

13. Most of the respondents go for shopping in shopping mall only on weekends, organized
retail companies should grab this opportunity and try focus on more on these days to
increase the sale as most of them are doing and at the same try to make customers to visit
on other days also as Big Bazaar is having “Special Wednesday” offers.

14. Many customers go to shopping mall to purchase some selected goods, organized retail
companies should take care that whenever a customer enters in shopping mall they
should have such internal promotional strategy that customer should buy more from the
mall.

15. Conversion ratio of footfalls need to be focused, there should be such internal promotions
so that customers should inclined to purchase from the mall.

16. Organized retail companies still not managed to enter into districts of Marathwada other
than Aurangabad.

17. When asked whether their city needs a shopping mall utmost respondents from districts
of Marathwada other than Aurangabad said yes their city needs a shopping mall and they
will purchase from mall, this is an opportunity for the organized retail companies and
they should think to enter into this market.

18. It has been observed that super market format has been accepted in the districts of
Marathwada, organized retail companies should enter into this with super market format.

19. Maximum number of respondent do not get discount from nearby kirana and this is the
plus point for organized retail as they are having good discounts and schemes, these
companies should encash this USP (unique selling point) in districts of Marathwada.
Suggestions for Unorganized Retailers:

1. Organized retail companies are already functioning in Aurangabad but still there is domination of unorganized retail in districts of Marathwada as maximum number of respondents said they purchase their daily needs from nearby kirana, unorganized retailer should maintain this strength to compete with the organized retail companies.

2. It is the matter of concern for unorganized retailers that 20% of the respondents are inclined towards shopping mall for purchasing their monthly kirana, they should concentrate towards the customers purchasing monthly kirana and try to retain them.

3. Maximum number respondents said they don’t get home delivery of purchased goods from kirana shop, this issue can be solved by providing home delivery facility for those customers whose house is not near to kirana and who have purchased reasonable amount of goods.

4. Unorganized retailers should think on the prices of goods and also discounts and schemes, as organized retail companies are having offers, discounts and schemes which attracts customer and motivate them to do purchasing in mall.

5. Credit facility is the strength of unorganized retailers they should make some credit schemes to retain the customers.

6. Unorganized retailers should try to maintain the timing because according to maximum number of respondents the timing of kirana shops is convenient.

7. Unorganized retailers should keep credit card facility in their shops, because many respondents think it is convenient for them as they get time to repay. There are many banks that provide this kind of services to small retailers, also there is company who provides credit card swiping device with mobile and facilitate the small retailers.

8. Unorganized retailers should provide seasonal schemes to the customers if they are unable to give regular schemes because of low margin.

9. Maximum numbers of respondents are having good relationship with kirana shop owners, this is the strength of unorganized retailers and they should encash it by maintaining this kind of relationship. Give the customers special treatment like home delivery, service at a call, credit facility, should keep social gathering once in a month or quarterly.

10. Unorganized retailers should keep the track record or purchasing record of their customers so that to maintain the stock which is having regular sales and minimizing the excess stock which again will be helpful to minimize the operating cost.

11. Unorganized retailers should upgrade themselves with the time, they should adopt new strategies, technological changes, they should change themselves and the way of business according to the changes happening in the market, as I have mentioned earlier unorganized retailers should provide credit card facility, they should use technology like smart phones, computers and internet to upgrade themselves, to update customers, contact and inform customers.

12. There are many wholesalers in our country who are coming up with their own website and doing business through it.
13. There are IT companies who provide services to small shops to maintain CRM (Customer relationship Management). The retailers just have to update these companies with the data base of their customers, they do rest of the job and work for retailers’ behalf, contact customers, update them with offers provided by the retailers, inform them about their likely purchasing time etc.

14. Unorganized retail companies should think of making cooperative societies, which will unite them and help them to compete with big organized retailers. With the help of cooperatives unorganized retailers will be able manage many things like bulk purchasing, it will increase their bargaining power which in result help them to lower the prices of the goods, these societies will have their own infrastructure like transportation, warehouses etc. which will help small retailers to stand in the competition and price war.

**Scope for Further Research Work:**

Present Study is limited to the customers of Marathwada region hence it is not sure that there will be same perception of the customers of other areas of India. The further research can be done for other regions of the country. Present study was done in urban part of districts of Marathwada, study can be done for the rural areas also. Scope for organized retail was studied in present research work there is scope for further research in many areas like retail marketing strategies, effect of advertising in retail, retail promotion strategies, retail consumer buying behavior, retail franchising, retail distribution and logistics, use of Information Technology in retail, e-tailing (e-commerce), online shopping which is booming and getting popularity like anything. Further research work can explore the issues and challenges in the field of e-tailing at the same time opportunities for retailers in Indian market.