CHAPTER-VI

SUMMARY,
FINDINGS, CONCLUSIONS,
AND SUGGESTIONS
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SUMMARY :

The chief aim of this chapter is to present a bird's eye view of the entire study dealt with in previous chapters and there by outline the findings of the study. Efforts are made in this to arrive at logical conclusions based on findings of the study. Finally on the basis of conclusions, appropriate suggestions are given to the retailers to enable them to do retail trade in a more commendable way resolving various issues that are being faced by them in retailing.

The word 'retail' is, derived from the French word retaillier', which means to cut off a piece or to break bulk. Retailers are played a vital role for processing of goods from manufacture to customer. Not only do they transfer goods from producers to consumers, they also channel information back from consumers. The importance of retailing is underlined by its immense size; in the US alone it accounts for some 30 per cent of gross domestic product. The U.S. retail industry generates $3.8 trillion in retail sales annually ($4.2 trillion if food service sales are included), approximately $11,993 per capita.

The Indian retail market is the fifth largest retail destination globally. The current size of the Indian retail industry stands at $511 billion in 2008.
Simultaneously, modern retail is likely to increase its share in the total retail market to 22 per cent by 2010. In order to keep pace with the increasing demand, there has been a hectic activity in terms of entry of international labels, expansion plans, and focus on technology, operations and processes. According to retail association of India report, from just three percent to day modern for-mate retailing is going to triple its shore around 10 percent in the next three to four years.

Modernization of the India retail sector will be reflected in rapid growth in sales of supermarkets, departmental stores and hypermarkets. Sales from these large-format stores are set to expand at growth rates ranging from 24% to 49% per year during 2003-2008, according to a report by Euro monitor international, a leading provider of global consumer-market intelligence. Many Indian companies seeing the various opportunities in organized retail sector in India have entered it. Pantaloons have decided to increase its retail space to 30 million square feet with an investment of US $1billion.

Retailing in India is a witness to the boom in terms of modern retailing formats, shopping malls, and etc. currently, the retail industry stands at Rs 930,000 crore, of which almost 99 percent is in the unorganized sector. With the industry growing at 7 percent CAGR and organized retailing growing at 30 percent CAGR, the organized industry is expected to grow to Rs 110,000 crore by 2012. The Ernst & young’s report 2009 anticipates that the Indian retail sector would come up with 2 million-employment opportunities with in the year 2010.
The Indian government has allowed 51% foreign direct investment (FDI) in the India retail sector to one-brand shops only. This has made the entry of global retail giants to organized retail sector in India difficult. This is a challenge being faced by the Indian organized retail sector.

Retail sector offers opportunities for exploration and investment in rural areas, with corporate and entrepreneurs having made a foray in the past. India’s largely rural population has caught the eye of retailers looking for new areas of growth.

Guntur is basically an urban commercial city. There are 12 main towns in the district. These towns are recognized as municipalities. Respondents are selected after a thorough discussion with them and on the basis of their annual income. There are nearly 3000 retail traders in Guntur City 50 large-scale retail outlets are also found. Among the 3000 retailers researcher selected 100 retail shops on the basis of statistical pattern. The selection of the respondents based on two parameters, one is income level of the area, and another one is turnover of the outlet. Three income areas selected i.e., High-income area, Middle-income area and Low-income area. Similarly on the basis of turnover of the outlets, the classification was shops with high range sales, shops with middle range sales and shops with low range sales. The researcher explains the profile of selected respondents in geographical areas.
The retail and wholesale sectors have a major role to play in developing nations, which suffer due to low capital formation and over population. Government of India carefully planned the development of Retail sectors in the country. But the sector has not been well owing to different problems faced by them both at the promotional and operational stages. In the light of this backdrop the present study has been taken up to identify the problem areas of this sector and thereby to suggest appropriate measures in order to resolve the problems faced by them. To carry out the study on sound lines, it is hypothesized that the retail sector is suffering from several problems with customers, wholesalers, co-retailers, Government, finance and maintenance.

In the survey, Retail business, though small in magnitude, faces many problems. The researcher analysed the problems of retailers considering the factors like the size of shops, their structure etc. As retail business is in unorganised sector, retailers face many internal and external problems. Customers do not have proper awareness of different products. So, retailers have to take more pains to satisfy different types of customers.

In the survey, it is found that wholesalers are not sincere in delivering goods and updating retailers about prices. Sometimes they compel retailers to buy goods which are not required by them. They even impose interest on delayed payments. Many retailers revealed the fact that wholesalers exploit them by forming into a syndicate.
Finally, shortage of finance is considered to be the most important problem responsible for a series of problems to urban and rural retailers. Urban and rural outlets require two types of capital, fixed capital and working capital. The principal sources of capital for both the urban and rural sectors are self-finance and borrowed funds. The important sources of borrowed funds are commercial banks, money lenders and friends and relatives. Several problems were experienced by urban and rural outlets in dealing with different sources of borrowed funds. The problems of higher rate of interest, indecent means of recovery were experienced by the outlets in respect of money lenders and friends and relatives. The problems of security, delays in sanction and release of funds, complicated and rigid procedures, inadequate financing etc., were experienced by the sample outlets while dealing with commercial banks which happened to be the principal source of borrowed funds. Because of these problems a few outlets could not approach commercial banks for financial help.

There is no end to maintenance and administrative problems of retailers. 75 percent of them do not have proper organisational structure. 68 percent of them do not have any political nexus and therefore not able to bring their problems to Government notice. Neither local authorities nor business associations provide minimum amenities like drinking water, toilets for the employees working in retail outlets.
FINDINGS

Emergence of modern retail in India is not just a result of increasing consumer-buying power-manufactures and unorganized retailers also have an important role to play in this process at the macro-level. At the micro-level, the trigger came from diverse angles like entrepreneurial desire to provide better service to consumers, social desire to provide relief to the masses in the form of lower prices, desire to capitalize on emerging business opportunities being provided by the changing business environment, etc.

1. The majority of the respondents were retailers 62% from sold trade business and next place 37% partnership form of business.

2. Majority of the retailers were 41% having experience between 5 years and 10 years in the retail market.

3. The majority of the respondents were retailers 30% under kirana and fancy form of business organization.

4. The majority of the respondents were 51% having age between 20-40 years.

5. The huge turnover made by urban kirana and fancy retailers through departmental stores, hypermarkets, malls, and other large scale outlets.

6. The majority of the credit sales incurred by respondents below 5 lacks i.e., 47% out of the total size of the sample.

7. The majority of the respondence i.e., 55% is suffered 15days – 1-month time lag provided their credit sales.
8. The serious problem in retail trade is bad debts. Most of the correspondence i.e., 57% loose between 5%-10% in their total sales as bad debts.

9. Most of the retail traders suffering with insufficient finance.

10. Majority of the retail traders following traditional format for their trading.

11. There is a lack of parking facility to provide vehicle parking to their customers.

12. The organized retail industry in India is faced with stiff competition from the unorganized sector.

13. There is a shortage of quality real estate and infrastructure requirements in our country.

14. Opposition to Foreign Direct Investment from small traders affects retail industry.

15. Very high stamp duties on transfer of property affect the industry.

16. Shortage of retail space in central and downtown locations also hinders the growth of retail industry.

17. The most encouraging format now would be the hypermarkets.

18. No one single format can be assumed, as there is a huge difference in cultures regionally.

19. Mostly small individually over businesses, average size of outlet equals 59sqft
20. Nearly two thirds of the stores are located in rural areas.

21. District has the highest number of retail outlets per capital in the world; the retail space per capital at 2sqft person is amongst the lowest.

22. Vast majority of the retail stores are small “father and son” outlets.

23. Retailing in district is still evolving and the sector is witnessing a series of experiments across the country with new formats business tested out.

24. A major group of the respondents (62%) have opined that there would the further improvement in the quality and services to customers with the entry MNC’s and FDI into retail sector.

25. The majority of the respondents were retailers 60% were kirana general stores 20% were textile retailers, while the rest were medical and others.

26. Majority of the respondents having competition, and loss in contracts. However, some failures are of grate benefit to the society because of their dishonesty and fraudulent conduct such as the maintenance of incorrect amounts to evade income tax.

27. Most district retail players are under serious pressure to make their supply chains more efficient in order to deliver the levels of quality and service that consumers are demanding. Long intermediation chain would increase the costs by 15%.
28. Lack of adequate infrastructure with respect to roads, electricity, cold chains and ports has further led to the impediment of a pan-district network of suppliers. Due to these constraints, retail chains heave to resort to multiple vendors for their requirements, thereby, raising costs and pries.

29. The available talent pool does not back retail sector as the sector has only recently emerged from its nascent phase. Further, retailing is yet to become a preferred career option for most of India’s educated class that has chosen sectors like IT, BPO and financial services.

30. Even though the government is attempting to implement a uniform value-added tax across states, the system is currently plagued with differential tax rates for various states leading to increased costs and complexities in establishing an effective distribution network.

31. Stringent labor laws govern the number of hours worked and minimum wages to be paid leading to limited flexibility of operations and employment of part-time employees.

32. Further, multiple clearances are required by the same company for opening new outlets adding to the costs incurred and time taken to expand presence in the country.

33. The retail sector does not have ‘industry’ status yet making if difficult for retailers to raise finance from banks to fund their expansion plans.
34. Guntur district retailers gearing up for competition from top named local rivals such as Reliance, Bharti group, Aditya group, Tata group and RPG enterprises by acquiring retail space.

35. Biggest challenge for organized retailing to create a “customer-pull” environment that increases the amount of impulse shopping.

36. The Guntur district retailers were handicapped by Higher Taxes, Multiple Laws, Wrong Policy Decision, Unnecessary or Illegal Imports, Poor Infrastructures and Logistics, High cost of equipment and packaging material, among others.

37. Power of the retailers, as such is very less, and in many cases it is negligible. The manufactures and the strong partners of the marketing channel have exploited this weakness. The retailers, in general, abide by the terms and conditions set by the manufactures and other “big brothers” of the channel.

38. The manufactures cannot directly reach all retailers in a particular geographical area. Therefore, the manufactures cannot maintain the desired relationship with the retailer, which in turn, makes management of the channel complicated. This also makes the possibility of a direct feedback loop from the retailers almost remote.

39. Therefore, the member operation between the manufactures and retailers become more powerful as they can block the channel of communication between the two. So the dependence of retailers on
other channel members increase to a higher extent. Thus the participation of retailers in the flow of marketing mix becomes lower than desired.

40. They are expected to spread head the organized retailing revolution.

41. The traditional are saw the emergence of the neighborhood kirana stores to cater to convenience of the consumers.

42. Retailing is going though a transition phase in district. The corner grocery stores giving way to international formats of retailing. The traditional food and grocery segment has seen the emergence of super markets/ grocery chains.

43. Some of the retail traders suffering with lack of experience in the line.

44. They are with limited financial resources.

45. The retail traders are loosing business due to change in out look of customers.

46. The customers are asking unwise credit.

47. The stores were situated at poor location.

48. The retail traders are in cures excessive general expenses

49. Some of the retail traders are doing fraud against there are looking sympathy of customers.

50. Small stores retailer’s neglect of business.

51. The retailers are having personal extravagance.
52. Some of the retailers are in temperance.

53. There are too fear due to natural calamities like floods, fire and sickness.

54. Some of the retailers are doing speculation business, resulted they are facing looser.

55. Retail business under slow movement due to competition and loss in contracts.

56. Around 80% of 500 respondents are male respondents while the 20% are male respondents.

57. A large group of respondents are graduates (60%) and 15% are postgraduates.

58. High rents squeeze out small businesses.

59. Market inadequate to support business.

60. Inadequate or poorly managed parking.

61. Poor relations between property owners and tenants.

62. Inadequate capital to start new business.

63. Majority of the respondents having lack of experience in the line.

64. Majority of the respondents having limited financial resources.

65. Majority of the respondents suffering with change in outlook of customers.
66. Majority of the respondents suffering with unwise credit.

67. Majority of the respondents having poor location.

68. Majority of the respondents are feel burden with excessive general expenses.

69. Majority of the respondents having fraud.

70. Majority of the respondents are doing neglect of business.

71. Majority of the respondents having personal extra-vagance.

72. Majority of the respondents having intemperance.

73. Majority of the retailers suffering with natural calamities like floods, fire and sickness.

74. Majority of the retailers doing trade speculation.

75. Presence of strong pro-tenancy laws makes it difficult to evict tenants and this is posing problem.

76. Land-use conversion is time consuming and becoming complex.

77. For settling property disputes, it consumes lot of time.

78. Rigid building laws make procurement of retail space difficult.

79. Non-residents are not allowed to own property except they are of Indian origin.

80. Prohibition of foreign investment in retail estate business.

81. Customs duties are levied on import of goods in India.
82. The industry is facing a severe shortage of talented professionals, especially at the middle-management level.

83. Inadequate capital to expand existing business.

84. Inadequate capital to provide needed public improvements.

85. “Red-lining” by lenders.

86. Negative image of area and poor design of building.

87. Local government regulations inappropriate.

88. Large number of vacant buildings and second story vacancies.

89. Poor marketing of commercial district.

90. Poor or outdated signage and merchandising.

91. Poor internal management and inventory control of businesses.

92. Little understanding of market by existing businesses.

93. Poor mix of retail businesses in district.

94. No financial feasibility analyses available for new, small businesses.

95. Inadequate organizational structure for small businesses to work together.

96. No political influence.

97. Inadequate numbers of skilled employees available to work in businesses in the district.

98. Inadequate facilities or services to retain employees.
CONCLUSION

Retailing is one of the largest sectors in India and one of the biggest sources of employment in the country. Though India is one among the largest Asian economies to liberalize its retail sector, a number of Indian retailers are entering this arena. Retailing involves the set of business activities that adds value to the products and services sold to the final consumers for their personal, family or household use. Retailers play a major role in the distributing system by helping manufacturers to reach out to the customers and at the same time, offering an array of value added services like breaking bulk, providing assortment holding inventory and providing information to their customers.

Many dynamic market and numerous international names have also evinced interest in retail industry. Market liberalization and increasingly assertive consumers are sowing the seeds of a retail transaction that will bring bigger Indian and multinational players on to-the scene. The entry of MNCs has certainly transformed this sector. The supply chain and customer interest and awareness in branded products have been built from different experiences. India remains as one of the last frontiers of modern retailing. The complexities of the vast and varied market as well as adaptation to India’s unique characteristics will reap larger rewards over the long term. It is clear that the winner in this retail rush is certainly going to be the consumer.
The organized segment typically comprises of a large number of retailers, greater enforcement of taxation mechanisms and better labour law monitoring system. It's no longer about just stocking and selling but about efficient supply chain management, developing vendor relationship, quality customer service, efficient mechanizing and timely promotional campaigns. The modern retail formats are encouraging the development of well-established and efficient supply chains in each segment ensuring efficient movement of goods from stores to kitchens. It will result in efficient collection tax revenues by the government. Along with the modern retail formats, the non-store retailing channels are also witnessing action with home service. Network marketing has been growing quite fast and has become a large player today.

Traditionally, the small store (kirana) retailing has been one of the easiest ways to generate self-employment, as it requires minimum investments in terms of land, labour and capital. These stores are not affected by the modern retailing as it is still considered very convenient to shop. In order to keep pace with the modern formats, kiranas have now started providing more value-added services like stocking ready to cook vegetables and other fresh produce. They also provide services like credit, phone service, home delivery etc.

Retailing is an age old economic activity in Guntur District. District retail sector is in a boom and there are many reasons for contributing to it. Few of them are the raising of affluent middle class society, changing
consumption patterns, raising of number of dual income nuclear families
and many more. One of the prime concerns of the retailers is the availability
of space for the retailing in District. The availability of prime space would
definitely enable the retailers to deliver better quality products and services
to the consumers.

Modern retailing has entered in Guntur district in the form of shopping
malls and huge complexes offering shopping, entertainment, leisure to the
consumer as the retailers experiment with a variety of formats like
transforming discount stores to supermarkets and hypermarkets to specialty
chains. However, kiranas still continue to score over modern formats
primarily due to the convenience factor.

The strategy and magnitude of retail forays by the district retailers
assure of attaining long term to economic implications by directly effecting
the life style of lot of customers, besides indirectly influencing livelihood
of other persons. With a large number of malls in the pipe line, one of the
critical factors that will give an edge to one retail centre over the others is
the way it is managed. The importance of mall management function is
already being recognized. Competent mall managers are in short supply
and the situation will remain the same in the next two, three years.

Though with excellent potential, Guntur district poses a complex
situation for retailers, as this is a district where each region is a mini-district
by itself. The demographics of a region vary quite distinctly from others. In
order to reach all classes of society in India, organized retail formats should
design a comprehensive and prospective business model which offers the
quality products/services at affordable price and generate more socially
balanced business. After analyzing retail Industry, one can conclude that
the organized retail trading has opportunities to grow up in spite of the
kirana stores because these kirana shops also will come under organized
sector because of the economic growth of the country. The Guntur district
retail traders are suffering from with various problems both at micro and
macro levels. Many retailers are facing financial, as well as non-financial
problems. There is a serious problem in respect of their financial resources.
Majority of the retailers suffering from lack of funds for investment.
However Guntur retail market has a bright future to spread out their business
in all corners by satisfying the needs of urban and rural customer.

SUGGESTIONS:

In order to accomplish success in Guntur retailing sector, the existing
players as well as new entrants need to consider a host of factors. Based on
the study the following suggestions are given which can be classified into
two categories: (1) Macro level. (2) Micro level. Suggestions given under
macro level are applicable to all players in the retail segment namely, retail
chains, mall, super and hypermarkets. Suggestions given under the head
micro level are applicable to the retailers in Guntur District.
MACRO LEVEL:

The retailers that must understand the competitive forces in the industry. It is necessary to redefine businesses more broadly than in the past, for example, super markets must redefine their business away from the grocery products to home appliances. Home appliance dealers must redefine themselves as shopping goods suppliers of such items as video games, VCDs, ACDs, DVDs, computers and other high-end products and services.

1. No signal retailing approach will be sufficient because markets are diverging more and more with respect to wants, needs and buying behavior. Therefore a single away of doing business is unlikely to appeal to all market segments.

2. With the maturity of consumer markets, it is essential that retailers constantly search for win-win situation between the company and the market segments.

3. There is a need for selective recruitment of the workforce for store operations and for inculcating corporate culture through training and incentives.

4. It is imperative to define a distance and sustainable retail proposition, which is in line with the value-conscious Indian consumer.
5. Prospective entrants need to establish a significant presence to be able to leverage economies of scale of operations.

6. Significant investments will have to be made in achieving supply chain excellence.

7. The retail players would have to acknowledge regional cultural differences prevalent in India and align their merchandise mix and retailing formats accordingly.

8. The solutions offered by retailers must be India-centric through strategic and operational attributes like value propositions, service, experience, efficiency, hygiene etc., should be bench marked with global standards.

9. The retailers will have to invest time and resources in continuous improvement of service o standards and product assortment keeping in view the speedily evolving consumer dynamics.

10. Margin should be increased to the retailers in order to increase the sales.

11. Sales promotion schemes should be introduced to the retailers and customers at frequent intervals.

12. Television advertisements are one of the strongest media to influence the prospective customers. Hence, the company should concentrate more on TV advertisements.
13. More schemes are expected by the retailer’s like-displays and discounts.

14. The retailer should introduce more varieties.

15. Fragrance may be changed pleasantly to attract more customers.

**MICRO LEVEL:**

1. The existing supermarkets must make all the grocery items available at all times.

2. Certain grocery items are made available only in one kilogram or half a kilogram packs. This is not suitable for consumption patterns of different buyers. So the supermarkets should make such grocery items available at 100Gms. 250Gms packs also.

3. With regards to branded items, the supermarkets have to make all varieties available at all times.

4. The supermarkets/malls should maintain a proper inventory of such branded items.

5. As shoppers have an intention to buy vegetables at such super bazaars, the management should see that fresh vegetables only are made available in shelves for sale. Unsold vegetables, which are not fresh, have to be removed from shelves.

6. Similarly, only fresh fruits should be made available for sale and stale stuff should be discarded.
7. Only fresh food items should be made available at the food courts, which are attached to, or part of the supermarkets.

8. The security guards should not carry out the checking of bill at the exit point. Checking of the bill is leading to ill feelings to the customers after the bill is paid.

9. Credit facility should be extended to those customers who are in need or to those customers who frequently visit and buy the goods.

10. All different types of grocery items should be packed with a label printed in local regional language (i.e., Telugu) and affixed on the pack.

11. The place of display of goods and items should not be changed frequently within the mall. They should be at one place as far as possible.

12. Products or brands of different companies, which are on promotional offer, should be displayed in the prime location of the outlet.

13. The promotional offers of either the company’s products or supermarket’s products should be displayed in the local language.

14. The supermarkets in Guntur District retail market should design customer retention programmes either by giving reward points or by making them as members of customer clubs etc.
15. The employees of the supermarkets should be trained in such a way that they maintain personalized rapport with the frequent visitors and or buyers.

16. These supermarkets should do free home delivery of the goods purchased.

17. The management of supermarkets should advertise about the free home delivery benefit extended to customers and increase awareness levels. This is important to those customers who are frequent visitors and who purchase goods on a monthly basis and where the goods/items are bulky and large in number.

18. Certain specialized items, which are used or consumed on special occasions or festivals or local celebrations, should be made available in these outlets.

19. The retail malls should maintain broad product line to minimize regional difference. All categories of people should be in a position to get their required goods or products. The malls are to be maintained in such a way that they are not associated or meant for one or two segments of the people in the city.

20. Public awareness programmes should be designed to establish the above-mentioned point, through mass media advertising. These results in confidence and trust by customers on the store about the availability
of the specialized items or products.

21. Mail order houses should improve their services and be prompt in supplies. This promptness in supplies is necessary because of the growing competition, which a mail order business is forced to meet and as a result of that a number of branches are opened in different zones of a district.

22. No one would like to purchase goods on description given in a particular advertisement, unless the purchaser is confident about the firm, which he deals with. Mail order houses should try to cultivate confidence by means of the guarantee.

23. Goods in sufficient quantity and have different variety to satisfy the demands of the trade must be hand at all times.

24. The main purpose of any business house is to sell goods. The advertisement should be correct and technical enough to influence customers.

25. Employees in the stores should speak preferably in local language (i.e., Telugu) to the customers.

26. Wheel chairs should be made available in the premises of the outlets for the elderly and physically challenged persons.

27. Playpens should be provided at big malls for kids and children. This will help parents or elder persons to shop comfortably.
28. Mail order houses should improve their services and be prompt in supplies.

29. Mail order houses should try to cultivate confidence by means of the guarantee.

30. Goods in sufficient quantity and of different variety to satisfy the demands of the trade must be on hand at all times.

31. The advertisement should be correct and technical enough to influence customers.

32. Invest in technology and supply chain management, especially in cold storage facilities.

33. Have high quality measures so as to keep the confidence of the retail customers.

34. Big retail players should participate with local kirana stores by giving them franchises and smaller outlets.

35. Invest enough in education & training to sustain the boom and have proper manpower to handle it.

36. Giving the sector an Industry status by the Government.

To cater to the local needs of each area and have a multiple format stores as per the requirement of the region.