CHAPTER-V

BUSINESS MODEL OF TRADITIONAL RETAILING IN POST ORGANISED RETAILING SCENARIO – A COMPARITIVE STUDY

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CHAPTER 5

BUSINESS MODEL OF TRADITIONAL RETAILING IN
POST ORGANISED RETAILING SCENARIO: A
COMPARITIVE STUDY

5.1 INTRODUCTION

The concept of business model in this study is confined to the commercial aspects of retailing business. Here objective is to make mutually beneficial/ fruitful exchange of goods and services to the final customers / consumers and with wholesalers. Working as an intermediary point in the chain of manufacturing to the final consumption of goods and services. In nutshell it is creation of value for the customers for the value in return to their own favour. A business model is not the same thing as strategy, even though many people use the terms interchangeably today. According to Peter Drucker a good business model answers some questions like who is the customer. What does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost.

At present the unorganized retail format stores provides mostly to households belonging to the higher income families, middle income family, lower income family and even to daily wages earner people. The target customers/ consumers for these unorganized retail stores are fairly large as the number of such households is large in relation to the total population. This organized retail store constrains the growth of traditional retail by catering decoration, proper light, one stop shopping, entertainment, offers, coupons, self service, retail space etc. This means that although large number of people visits the organized retail. On the other hand expenses involved in setting up and maintaining a modern retail for store tend to be much higher than traditional store due to additional expenses on larger size, better locations and sure ambience. Therefore if the returns on investment in the retail formats have to be attractive, traditional retailers have to develop strong supply chain that provides them significant gross margin while delivering merchandise at attractive prices to customers order to do this, traditional retailers will need to eliminate middlemen and buy directly from suppliers and care should be taken regarding credit facility, home delivery, sales/ managers behavior, make use of technology to
control inventory, bar-code, electronic weighting machine, computerized accounts etc. These developments will be important for the survival and existence of traditional retailers. With the growth in organized retailing, traditional retailers have brought radical changes in their business models. Many factors are responsible for the growth of retail sector. These are:

- **Increasing Disposable Income:** Increasing disposable incomes in middle class and lower middle class with increase in employment opportunities for young adults & IT enabled sectors are the major cause of retail growth in India.

- **Increasing numbers of Dual Income; Nuclear Families:** In India, huge pay packets, nuclear family along with increasing working women population and dual income in family are the factors contributing to successful retail sector.

- **Changing Lifestyle and Consumer Behavior:** Due to ever-increasing working population, comfortable life, travel and leisure are given importance. These key factors are growth drivers of retail sector in India which now boast of retailing almost all the preferences of life – apparel and accessories, Appliances, Electronics, cosmetics & Toilets cries etc.

- **Experimentation with Formats:** Due to competition in the market, retailing is still evolving and the sector is witnessing a series of experiments with new formats being tested out.

- **Store Design:** Shopping malls and super markets are growing at a very faster rate. Improvements in infrastructure and enhanced availability of retail space, store design are the factors increasing the share of organized retail ad thereby contributing to growth of Indian retail sector.

Vidushi and Navneet (2012) asserts the unorganized sector will grow @10% per annum but given the relatively weak financial of the unorganized sector and the space constraints on their compassion prospects, this sector alone will not be able to meet the growing demand. The unorganized sector will expand further due to its proximity, goodwill, credit sales, bargaining, loose items, convenient timings and home delivery.

Kinsey et al. (2004) in his study identified seven forces that meet at the same point to create a demand-driven food system in the USA were (1) more diverse consumer characteristics and tastes; (2) the universal product code (bar code) and all the information technology that followed; (3) Wal-Mart (biggest food retailer in the world), the early adopter of information technology and the mother of efficient supply chain management;
(4) efficient consumer response, a defensive response to Wal-Mart’s expansion; (5) Concentration of retail ownerships; (6) global concentration of food processing and manufacturing; and (7) new business models.

This study focuses on traditional retail business model in post organized retailing scenario. While many retailers continue to remain to the proverb “retail is detail” (a quote attributed to James Gulliver), retailers at the forefront of innovative practices recognize that paying attention to details is not enough because many specialized firms can execute specific retail activities to near perfection on behalf of retailers (e.g., order fulfillment via UPS or FedEx). A new critical capability involves configuring, and when needed recon-figuring individual retail activities and processes into a coherent blueprints, their business model, which outlines the innovative logic for competing effectively in their markets.

5.2 BUSINESS MODEL: DEFINITION AND USEFULNESS

There is no commonly accepted definition of business model in the literature. Instead, the literature reveals a wide range of definitions that vary in their emphases and scope. Nevertheless, most authors agree that a business model articulates a firm’s value proposition, its sources of revenue, the resources used to extract rents, and the governance mechanism that links firm’s stakeholders. (Zott and Amit 2010).

Chesbrough and Rosenbloom (2002); Gambardella and McGahan (2010); Osterwalder and Pigneur (2009); Teece (2010); Zott and Amit ( 2010). Drawing from this core idea, they propose a working definition of business models: A business model is a well-specified system of interdependent structures, activities, and processes that serves as a firm’s organizing logic for value creation (for its customers) and value appropriation (for itself and its partners). The business model represents the firm’s distinctive logic for value creation and appropriation.

Magretta (2002) in his study proposed that a business model may outline how the firm creates value for customers via activities related to product development and flexible pricing. A business model may also outline how value is appropriated through, for instance, improved inventory management and changes to governance structures that reduce opportunity costs, increase customers’ switching costs, or lower the leverage that various stakeholders exercise on the firm. Articulating the means by which a firm creates and appropriates value allows for a clearer delineation of the sources of its competitive advantage, which, in turn, facilitates updating and strengthening the business model. A central aspect of our definition of a business model is that it incorporates interdependencies that transform a set of structures, activities, and processes into an
integrated system. A business model is not only specified by a revenue model, a cost structure, a set of resources, or a value proposition; it is fundamentally about how these pieces of the business “fit together” to create and appropriate value. Porter (1996) refers it to multi-layered interdependencies among the elements of a business model such that the “whole” (business model) is not simply the sum of its “parts” (elements). If these interdependencies reflect a high level of complementarily or synergy among the elements of a business model, then the business model is likely to be more cohesive and effective in achieving its purpose. Indeed, complementarities have been highlighted in numerous papers as a source of economic rents and competitive advantage.

Hambrick and Fredrickson (2005) describe business model and strategy: similarities and differences define strategy as “a central, integrated, externally oriented concept of how the business will achieve its objectives”. At the same time, business model has been described as the “essence of a firm’s strategy. Porter (1996) finds that although business model and strategy share some common roots, they are different in important ways. First, strategy articulates a certain goal, whereas the business model details the mechanisms that moves the organization towards that goal. In other words, strategy specifies how the firm aims to differentiate from, or compete with, its rivals to achieve competitive advantage.

According to Teece (2010), the business model focuses on the organizing logic of how to create and appropriate value in a way that achieves distinctive competitive advantage. It details the structures, activities, and processes (including the required resources) that connect the firm’s internal functional areas (e.g., marketing, sales, and finance) and external constituencies (e.g., suppliers, partners) in an interdependent system that delivers on the firm’s strategy.

In our research we have asked some questions to the retailers of Silchar to examine the hypothesis no. 3 i.e. “traditional retailing has not changed the business model of traditional retail business in Silchar town”. The questions asked to the retailers are what are the things they have added in their store layout in the last four years? What are the new products they have added in their store? What sort of facilities / goods and services they want to provide to their customers but unable to do so? And what are the problems they are facing at present? .The primary data has been collected with the help of structured schedule tabulated below. As from the questions we can understand that the answers will be in descriptive form. The retailers were asked to indicate whether they have tried to change
their existing business model or not, added new strategy to their business model, what they want to provide but unable to do so and reasons for their inability.

**Table: 5.1 Values Added By the Retailers during 2009 - 2012**

<table>
<thead>
<tr>
<th>SL NO</th>
<th>COMPONENTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AC Machine &amp; Furniture</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Color and Light</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Furniture</td>
<td>13</td>
</tr>
<tr>
<td>4</td>
<td>Furniture &amp; Lights</td>
<td>16</td>
</tr>
<tr>
<td>5</td>
<td>Variety in Khadi Products</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>Nothing</td>
<td>45</td>
</tr>
<tr>
<td>7</td>
<td>Packaged Items</td>
<td>3</td>
</tr>
<tr>
<td>8</td>
<td>Refrigerator</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>Showcase &amp; furniture</td>
<td>9</td>
</tr>
<tr>
<td>10</td>
<td>Sports Goods</td>
<td>2</td>
</tr>
<tr>
<td>11</td>
<td>Trendy outfit for children</td>
<td>2</td>
</tr>
<tr>
<td>12</td>
<td>Xerox Machine</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: primary data

Retailers approached were asked about their value addition for their customers /consumers.

From the above (table 5.1), the result found was out of 100 numbers of retailers 55% of retailers claimed they have added bundle of benefits as AC machine, furniture, showcase and refrigerator for comfort of their consumers. Colors and light for decoration, variety in khadi products, packaged items, trendy outfit for children, Xerox machine as a facility in a stationary shop. But if we talk separately for each component then the above result is not satisfying to us as a consumer because, percentage of retailers tried to add benefits for their consumers in their shop is very less percentage. The highest responses have been recognized to nothing. Out of 100 retailers 45 numbers of retailers has done nothing in their shop, neither added any furniture or color nor any new kind of facility to their consumers. This shows the retailers lethargy and less interest towards their business.

**Table 5.2 Products included by the Retailers**

<table>
<thead>
<tr>
<th>Sl no</th>
<th>COMPONENTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Branded Products</td>
<td>9</td>
</tr>
<tr>
<td>2</td>
<td>Readymade Clothes</td>
<td>15</td>
</tr>
<tr>
<td>3</td>
<td>Cosmetics</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>Fast Food Items</td>
<td>9</td>
</tr>
<tr>
<td>5</td>
<td>Hard Wire Items</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Harpic, Lizon, Phenail, Bleaching Powder</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Nothing</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: primary data
Retailers were asked to indicate actually regarding those products they have included in their shop which was not sold by them earlier, or created a new rack for that particular product. From the above (table 5.2), we found that majority of the retailers have not included any new product. 48% of retailers have included new product as branded products, readymade clothes, cosmetics, fast food items, hard wire items, harpic, lizon, phenail, bleaching powder. This shows that few traditional retailers have understood the consumers demand but still there is a need for a great concern.

Table: 5.3 Retailers Wants But Failed to Provide Value to Their Customers.

<table>
<thead>
<tr>
<th>SL NO</th>
<th>COMPONENTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Advertisement</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Coupon and Offer</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>More Credit Facility</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Discount</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Expansion of Shop</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>Hall Marking Registration</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>Internet Shopping</td>
<td>2</td>
</tr>
<tr>
<td>9</td>
<td>Interior Design</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>More Space</td>
<td>7</td>
</tr>
<tr>
<td>11</td>
<td>Parking Facility</td>
<td>3</td>
</tr>
<tr>
<td>12</td>
<td>Quality Products</td>
<td>10</td>
</tr>
<tr>
<td>13</td>
<td>Variety</td>
<td>17</td>
</tr>
<tr>
<td>14</td>
<td>Nothing</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: primary data

Finally retailers were contacted to know what they think as a value for the consumers/customers and want to provide but are unable but failed to provide value to their customers. From the above (table 5.3) we found that traditional retailers also wants to provide various components of satisfaction to their customers like coupon, offer, discount, more credit facility, quality products to their customers, parking facility, more variety, more space, hall marking registration and ambience. Out of 100 numbers of retailers 52 numbers of retailers wants to provide some more bundle of benefits to their customers and 48 numbers of retailers fell under category nothing. This shows the retailers view or perception towards CVA tendency for their customers.

Now we propose to discuss the Traditional Retail format and its features.

Traditional retail formats refer to those formats that have long been part of the retail scenery of India. They include formats like kirana and independent stores that are typical
of the unorganized retail sector. Across product categories and also the most administratively organized form of Indian retailing - co-operative and government - controlled retail institutions (like the public distribution system and cottage emporiums). In terms of professional management and efficiency of integration with the value chain, the traditional retail formats are better classified under the un-organized retail sector. There are predominantly two types of traditional retail formats namely:

A. Kirana And Independent stores
B. Co-operative and government -owned stores

A. Kirana And Independent Stores:
Independent and kirana stores have emerged with the spread and density of population. Historically, they are traced to the generation of surplus in agriculture that needed to be sold to obtain other essential commodities by the producer. This was accompanied by the emergence of a trading class in India. Generally the kirana, mom-and pop shop, and family owned retail stores represent the retail business in India. These are usually shops with a very small area, stocking a limited range of products, varying from region to region according to the needs of the customers or the whims of the owners. About 78% of these retail stores are small family-owned business utilizing only family member. Even among the retail enterprises that employ hired workers, majority of them use less than three workers. According to ORG-MARG, a small retailer is defined as one with an average turnover between Rs. 17,500/- and Rs. 52,500/- per annum.

B. Co-operative And Government -Owned Stores:
Co-operative stores in India are the result of co-operative movement that can be traced to the pre-independence period. They emerged as reaction to the feudal system and attempted to place the fruits of labour in the hands of the producer himself to make himself reliant. The co-operative movement strengthened after independence, yet it was largely successful in western India. Government owned and/or operated stores emerged after independence because of their increased role in business and their responsibility towards the socio economically weaker sections of the society, and preservation of handicrafts, promotion of tourism, ensuring fair prices, and distribution of essential items.

India has a large number of retail stores run by cooperative societies and government bodies across product categories. Such initiatives were taken for various socio economic factors, primarily, to promote industries and generate employment opportunities in rural areas.
Next we present the result of the hypothesis testing of the third hypothesis that reads—“Un-organized retailing has not changed their business model of traditional business in Silchar Town”—applying two sample median tests (TSMT)

Table: 5.4 Changes introduced by the Retailers

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Components</th>
<th>No</th>
<th>Yes</th>
<th>Total</th>
<th>Rank</th>
<th>Yes/No</th>
<th>Sl. No</th>
<th>Rank</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What are the things have you added in the store layout last 4 yrs.</td>
<td>60</td>
<td>40</td>
<td>100</td>
<td>4</td>
<td>Y</td>
<td>28</td>
<td>51</td>
<td>N</td>
</tr>
<tr>
<td>2</td>
<td>What r the new product have u added in your store</td>
<td>48</td>
<td>52</td>
<td>100</td>
<td>8</td>
<td>N</td>
<td>29</td>
<td>51</td>
<td>Y</td>
</tr>
<tr>
<td>3</td>
<td>Price / Cost of Buying</td>
<td>12</td>
<td>88</td>
<td>100</td>
<td>9</td>
<td>Y</td>
<td>30</td>
<td>52</td>
<td>Y</td>
</tr>
<tr>
<td>4</td>
<td>Buying Support</td>
<td>12</td>
<td>88</td>
<td>100</td>
<td>12</td>
<td>N</td>
<td>31</td>
<td>52</td>
<td>Y</td>
</tr>
<tr>
<td>5</td>
<td>Decoration &amp; Lighting</td>
<td>32</td>
<td>68</td>
<td>100</td>
<td>12</td>
<td>N</td>
<td>32</td>
<td>53</td>
<td>Y</td>
</tr>
<tr>
<td>6</td>
<td>Space</td>
<td>29</td>
<td>71</td>
<td>100</td>
<td>15</td>
<td>N</td>
<td>33</td>
<td>60</td>
<td>N</td>
</tr>
<tr>
<td>7</td>
<td>Convenience</td>
<td>23</td>
<td>77</td>
<td>100</td>
<td>17</td>
<td>N</td>
<td>34</td>
<td>67</td>
<td>N</td>
</tr>
<tr>
<td>8</td>
<td>Proper Placement</td>
<td>17</td>
<td>83</td>
<td>100</td>
<td>17</td>
<td>N</td>
<td>35</td>
<td>68</td>
<td>Y</td>
</tr>
<tr>
<td>9</td>
<td>Way of Welcoming</td>
<td>17</td>
<td>83</td>
<td>100</td>
<td>17</td>
<td>N</td>
<td>36</td>
<td>68</td>
<td>Y</td>
</tr>
<tr>
<td>10</td>
<td>Credit Facility</td>
<td>49</td>
<td>51</td>
<td>100</td>
<td>17</td>
<td>N</td>
<td>37</td>
<td>70</td>
<td>N</td>
</tr>
<tr>
<td>11</td>
<td>Disc. &amp; Promotion</td>
<td>70</td>
<td>30</td>
<td>100</td>
<td>21</td>
<td>N</td>
<td>38</td>
<td>71</td>
<td>Y</td>
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<tr>
<td>12</td>
<td>Home Delivery</td>
<td>91</td>
<td>9</td>
<td>100</td>
<td>23</td>
<td>N</td>
<td>39</td>
<td>73</td>
<td>N</td>
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<tr>
<td>13</td>
<td>AC</td>
<td>96</td>
<td>4</td>
<td>100</td>
<td>25</td>
<td>Y</td>
<td>40</td>
<td>74</td>
<td>N</td>
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<tr>
<td>14</td>
<td>Do you record personal details of your customers</td>
<td>67</td>
<td>33</td>
<td>100</td>
<td>26</td>
<td>N</td>
<td>41</td>
<td>74</td>
<td>Y</td>
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<tr>
<td>15</td>
<td>What sort of facilities/ goods/services do you want to provide but are unable to do so</td>
<td>48</td>
<td>52</td>
<td>100</td>
<td>26</td>
<td>Y</td>
<td>42</td>
<td>75</td>
<td>N</td>
</tr>
<tr>
<td>16</td>
<td>Do you provide gifts to your customers on some occasion</td>
<td>74</td>
<td>26</td>
<td>100</td>
<td>27</td>
<td>Y</td>
<td>43</td>
<td>77</td>
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<tr>
<td>17</td>
<td>Have you ever taken loan to expand your business</td>
<td>51</td>
<td>49</td>
<td>100</td>
<td>29</td>
<td>N</td>
<td>44</td>
<td>79</td>
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<tr>
<td>18</td>
<td>sign board</td>
<td>17</td>
<td>83</td>
<td>100</td>
<td>30</td>
<td>Y</td>
<td>45</td>
<td>83</td>
<td>Y</td>
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<td>19</td>
<td>space to stand &amp; move</td>
<td>15</td>
<td>85</td>
<td>100</td>
<td>32</td>
<td>N</td>
<td>46</td>
<td>83</td>
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</tr>
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<td>20</td>
<td>Packaging</td>
<td>17</td>
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<td>100</td>
<td>32</td>
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<td>47</td>
<td>83</td>
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<td>21</td>
<td>Credit facility</td>
<td>75</td>
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<td>100</td>
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<td>48</td>
<td>83</td>
<td>Y</td>
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<td>22</td>
<td>price &amp; quality</td>
<td>73</td>
<td>27</td>
<td>100</td>
<td>40</td>
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<td>49</td>
<td>85</td>
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<td>100</td>
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<td>50</td>
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<td>100</td>
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<td>N</td>
<td>51</td>
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<td>100</td>
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<td>52</td>
<td>91</td>
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<td>26</td>
<td>sales person behaviour &amp; response</td>
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<td>74</td>
<td>100</td>
<td>49</td>
<td>N</td>
<td>53</td>
<td>92</td>
<td>Y</td>
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<td>27</td>
<td>decoration, lighting &amp; display</td>
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<td>79</td>
<td>100</td>
<td>49</td>
<td>Y</td>
<td>54</td>
<td>96</td>
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Source: primary data
Table 5.5 Two Sample Median Test

<table>
<thead>
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<th>Sample</th>
<th>SAMPLE II</th>
</tr>
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<tbody>
<tr>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>P=18</td>
<td>Q=9</td>
</tr>
<tr>
<td>R=9</td>
<td>S=18</td>
</tr>
<tr>
<td>P+R=27</td>
<td>Q+S=27</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Above Median</th>
<th>Below Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>P=18</td>
<td>R=9</td>
</tr>
<tr>
<td>Q=9</td>
<td>S=18</td>
</tr>
</tbody>
</table>

Table 5.6 Result of the Two Sample Median Test

<table>
<thead>
<tr>
<th>METHOD</th>
<th>CALCULATED VALUE</th>
<th>TABULATED VALUE</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two Sample median test</td>
<td>4.740</td>
<td>3.84</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Source: primary data

From the above (table 5.6) it can be seen that the calculated value is greater than table value. Therefore, the null hypothesis is rejected and it can be concluded that Un-Organized retailing has changed their business model in Silchar Town.

5.3 Things That Consumers Prefer:

A consumer generally expects from retailer that whatever goods are to be standard quality product, cost of goods should be at par with proportionate wholesale price, way of selling goods and payment system should be systematized i.e. consumers are to be priority attended in turn, sitting arrangements and space to search goods should be there, shopping complex in convenient place of the city is preferably expected, maximum of the house needs/domestic items available in a particular shop will be more appreciated by more and more consumers and thus it will be preferred, rate of the goods are to be comparatively cheaper in the market, environmentally friendly.

In order to build a more successful business for tomorrow and to compete with organized retailing, unorganized retailing and small organization need to understand what do consumer prefer. At present consumers in Silchar feel dissatisfied and seek more value. Understanding the consumer preferences and offering customers control over where, when and how businesses interact with them, instead of being inundated with irrelevant or conflicting information will help build successful business.

Silchar is a very small town dominated by unorganized retail markets. However, more than 99% retailers functioning in less than 300 square feet of space. Purchasing power of Silcharian is growing and branded merchandise in categories like Apparels, Cosmetics, Shoes, Watches, Beverages, Food and even Jewellery, are slowly becoming lifestyle
products. Now a day’s consumers are time-starved, value-driven, and frustrated by inconsistent shopping experiences. Although, organized retail is covering space very fast but it fails in providing consumers value but the consumers of Silchar are not yet satisfied with them.

Vishal Mega mart is the only a single organized retail in Cachar District till 2012. It fail to satisfy the consumers regarding quality, price, variety, services etc. though it has got good location, enough number of staff, well educated and trained manager and enough space for Silcharian and none is there to compete with it except small shops i.e. (Unorganized Retailing). So, there are enough chances available to the small shops to target the existing market open to them there in Silchar.

5.4 PROBLEMS FACED BY CUSTOMERS IN SILCHAR TOWN

The following are some problems faced by the customers:

- Customers are not aware about the new arrivals of products.
- Customers are not satisfied with the quality of products and services.
- Customers get confused about way of the sections.
- Lack of advertisement.
- Lack of neatness and cleanliness.
- Lack of sales women in women’s section. Problems faced by the ladies.
- Un-standardized price.
- Proper color sheds are not available.
- Sometime confusion about the offers and discounts.
- Sometimes the customers are not got the help of sales person/ managers.
- Stock for varied choices not present.
- There is no complaint box.
- They are not satisfied with parking facility
- Variety of the products not well displayed.

Source: Interaction with customers (based on unstructured discussion)

5.5 SOLUTIONS SUGGESTED:

- Satisfy customers by providing quality products at reasonable price.
- Stocks and Varity should be available.
- Educate customers about the products.
Inform about the offers through mobile and also through banner.
Show the way to particular section by the signs.
Customers’ complaint box should be kept.
Descriptions about the products on TV and mobile through SMS can be given.
Greet customers when they are entering into the stores.
Internal branding is needed.
Proper placement of the signage.
Conduct contest in stores to motivate and entertain more customers.
Provide seasonal products.
Source: Interaction with customers (based on unstructured discussion)

5.6 WHAT ORGANIZED RETAILERS OFFER: SOME STUDIES
The emergence of organized retailing has been due to the demographic and psychographic changes taking place in the life of urban consumers.
Growing number of nuclear families, working women, greater work pressure, changing value and lifestyles, increased commuting time, influence of western way of life etc. have mean that the needs and wants of consumers have shifted from just being cost and relationship driven to brand and experience driven, while the Value element still dominating the buying decisions.
The retail market in India has changed rapidly in the past 15 yrs and is consciously keeps changing. Recent past, Indian retail sector has been characterized by the presence of a large number of small unorganized retailers. India has the highest number of retail outlets over 15 million in the world and most outlets in India are situated in the unorganized sector. (Abdul Wahid Farooqi 2012) Most retail outlets in Guwahati are strategizing to win customers through brand management techniques, expanding the brand knowledge of customers, employing private label brands as tools to gain popularity in the minds of consumers. They are strengthening the image of retail through shopping experiences that a customer is entitled to every time he/she shops at the outlets. Also the retailers are trying to win customer loyalty through ‘shopping solutions’ that they offer to their customers Traditionally, Indians were used to buying their sugar, wheat, pulses, rice etc. from their neighborhood baniya. The majority of food and food products were and still are retailed through neighborhood kirana (baniya) stores. A typical kirana store has a retail area of 200
sq ft and sells 500 to 800 stock keeping units (SKUs). The kirana stores focus on dry food products because the infrastructure for cold storage is lacking. The majority of fresh produce is sold from the carts of traveling vendors. Such produce is deemed to be of low product quality, variety and hygiene. This concept is still popular in B-class and II Tier cities of India and giving employment to thousands of its inhabitants (Srivastav, 2010).

It is important to note that value is the function of not just price, quality and service but can also be enhanced by personalization and offering a memorable experience. In fact, building relationships with customers can by itself increase the quality of overall customer experience and thus the perceived value. But most importantly for winning in this intensely competitive marketplace, it is critical to understand the target customer's definition of value and make an offer, which not only delights the customers but is also difficult for competitors to replicate. (Ravekris, 2010)

The study reveals that 73.33 % customers come to Vishal for shopping regularly .The numbers of regular customers are more. 83.34 % customers prefer offer, mainly 25 % offer on Wednesday and Thursday is preferred by customers. So by giving offer on these days it can satisfy its customers. 55.33 % customers prefer to come for shopping with family members. So combo family offer should be more. It is clear that 53.33 % customers don’t find products easily, so the attention should be paid to Visual merchandise. 86.66 % customers are satisfied with behavior of sales force. So it would increase the satisfaction level. 64.66 % customers are satisfied with the shopping environment inside. It is clear that ambience is preferable. Billing process was responded positively and the rest 50 % were average. And 46% customers prefer mobile SMS and they have shown less interest in TV scoring only 10 %.( Agarwal, et.al. 2010)

In order to communicate to shoppers mall owners would benefit from knowledge of antecedents to shopping value. Previous research has shown that emotions influence shopping value realized by patrons; however, most studies have examined pleasure, arousal, and dominance as emotions. The current study examines consumer beliefs about mall attributes. Mall shoppers were surveyed concerning their satisfaction with attributes of a local mall, the value they derived from shopping at that mall, resource expenditures, and repatronage intention. Analysis shows that attribute beliefs positively influence time spent at the mall, as well as hedonic and utilitarian shopping value derived from a mall visit. In addition, hedonic shopping value positively influences repatronage intention. Findings suggest that it is useful for malls to ensure target customers have positive beliefs
about mall attributes because beliefs influence the value shoppers believe they get from a visit to the mall. (Stoel, et.al, 2004)

Shoppers' way finding is an increasingly important problem in the management of shopping malls. Yet, it remains under researched. One study, undertaken in a shopping mall with real shoppers (N=156), aims at understanding the extent to which three characteristics of shoppers, i.e., gender, familiarity with the mall, and shopping values, affect the processes and the information sources shoppers use to find a store within a mall. The shoppers recorded their thoughts and their actions during the way finding. The recordings were content-analyzed. Shoppers' way finding processes and information sources vary significantly with the three shoppers' characteristics studied here. Some significant mediating effects of hedonist shopping values are also shown (Chebat, et.al, 2004)

In yet another investigation by Babin on cognitive and affective determinants of retail patronage examined how perceptual environmental appropriateness alters perceived quality, emotion and shopping value. A nearly infinite number of combinations exist when one considers how various atmospheric elements may be altered. Among these, complementary arrangements exist that are cognitively assimilated and perceptually pleasing. Even relatively small changes in the type and volume of music, the odor, color scheme, or some other characteristics may cause a mental conflict captured by fit. Over 800 mall intercept respondents comprised a sample used to examine a structural model. Model results suggest that when perceptual appropriateness is diminished, consumers report lower positive effect, lower product quality ratings, lower perceptions of personal shopping value and fewer approach behaviors. In addition, the role of perceived quality in shaping shopping outcomes is explained. (Babin, et.al, 2004)

5.7 ORGANIZED RETAIL PRACTICES: SOME ILLUSTRATIONS

Now a day’s shopping is no more bargaining, it’s a fun to shop in the mall and also shop in convenience of AC and music. Indian consumer of today who wants the right price, ambience and good quality all under one roof.

Pantaloon Retail:

The headquarter of Pantaloon Retail is situated in Mumbai with 450 stores across the country. It is not only the largest retailer in India with a turnover of over Rs, 20 billion but is present across most retail segments-Food & Grocery (Big Bazaar, Food Bazaar), Home
Solutions (Home Town Furniture Bazaar), Consumer Electronics (e-Zone), Shoes (Shoes factory), Books, music & gifts (Depot), Health & Beauty care Services (Star, Sitara and Health Village in the pipeline), e-tailing (Future bazaar.com), entertainment (Bowling.co).

One of their recent innovations include e-commerce' hybrid format of 'small' shops. The area for these stores will be 150 sq. ft. fitted with 40 digital screens. Customers will be encouraged to browse through the entire range of products on digital screen. They will be able to place the order, the delivery of which will be arranged by the shop to their homes within a few hours.

**K Raheja Group:**

They forayed into retail with Shopper’s Stop, India’s first departmental store in 2001. It is the only retailer from India to become a member of the prestigious Intercontinental Group of Departmental Stores (IGDS). They have signed a 50:50 joint venture with the Nuance Group for Airport Retailing. Shoppers Stop has 7, 52, 00 sq ft of retail space with a turnover of Rs 6.75 billion. The first Hypercity opened in Mumbai in 2006 with an area of 1, 20,000 sq. ft. clocking gross sales of Rs. 1 bn. in its first year. Crossword brand of book stores, Homes stop a store for home solutions, Mother care a concept stocking merchandise related to childcare are also owned by them. Recently, Raheja’s have signed a MoU with the Home Retail Group of UK to enter into a franchise arrangement for the Argos formats of catalogue & internet retailing. The group has announced plans to establish a network of 55 hypermarkets across India with sales expected to cross the US$100 million mark by 2010.

**Tata group:**

Established in 1998, Trent - one of the subsidiaries of Tata Group - operates Westside, a lifestyle retail chain and Star India Bazaar - a hypermarket with a large assortment of products at the lowest prices. In 2005, it acquired Landmark, India’s largest book and music retailer. Trent has more than 4 lakh sq. ft. space across the country. Westside registered a turnover of Rs 3.58 mn in 2006. Tata has also formed a subsidiary named Infiniti retail which consists of Croma, a consumer electronics chain. It is a 15000-17000 sq. ft. format with 8 stores as of September 2007. Another subsidiary, Titan Industries, owns brands like “Titan”, the watch of India has 200 exclusive outlets the country and Tanishq, the jewelry brand, has 87 exclusive outlets. Their combined turnover is Rs 6.55 billion. Trent plans to open 27 more stores across its retail formats adding 1.5 mn sq ft of space in the next 12 DLF malls.
**RPG group:**
One of the first entrants into organized food & grocery retail with Food world stores in 1996 and then formed an alliance with Dairy farm International and launched health & glow (pharmacy & beauty care) outlets. Now the alliance has dissolved and RPG has Spencer’s Hyper, Super, Daily and Express formats and Music World stores across the country. RPG has 6 lakh sq. ft. of retail space and has registered a turnover of Rs 4.5 billion in 2006. It is planning to venture into books retail, with the launch of its own bookstores “Books and Beyond” by the end of 2007. An IPO is also in the offering, with expansion to 450+ MusicWorld, 50+ Spencer's hyper outlets covering 4 million sq. ft. by 2010.

**Landmark group:**
Launched in 1998 in India. Lifestyle is spread across six cities, covering 4.6 lakh sq. ft. with a turnover of Rs 3.5 billion in 2005. A new division named Lifestyle International has emerged for their international brands business comprising Bossino, Kappa and Springfield in their portfolio. Their retail mix includes Home solutions (Home centre), fashion (lifestyle, landmark International), value retailing (max retail), hypermarkets & supermarkets (Max), kids entertainment (Fun city). They plan to invest Rs. 300 crores in the next two years to expand on Max chain, and Rs 100 crores on Citymax 3 star hotel chain. They have already instituted a separate company christened Citymax Hotels (India).

**Piramal Group:**
In September 1999, Piramal Enterprises announced their arrival into retail with the launch of three retail concepts: India's first true shopping mall of international standards, called Crossroads; a lifestyle department store named Piramyd Megastore; and a family entertainment centre known as Jammin. Piramyd Megastore and Jammin were anchor tenants for Crossroads (recently sold to Pantaloon for Rs 4 billion). In 2001, the group entered the business of food & grocery retail with the launch of TruMart supermarkets in Pune. They have around 18 TruMart stores covering 1.90 lakh sq. ft. registering a turnover of Rs 37.6 mn in 2005. Piraymd Megatsore’s contributes more than 70 % to their retail mix with a turnover of Rs 112.8 mn. They plan to open 150 stores covering 75 mn sq ft of retail space in the next 5 years.

**Subhiksha:**
Subhiksha is a Chennai-based, decade old, no frills, food, grocery, pharma and telecom, discount retail chain. ICICI Venture Capital holds 24% in the equity capital of Subhiksha. It has more than 500 stores across the country covering a retail space of more than 1 million sq ft with a registered turnover of Rs 3.34 bn in 2006. It has a planned investment
of Rs.300 crores to ramp up its operations to 1200 stores by 2008. New but potential BIG players

**Bharti-Walmart:**
Their plans include US$ 7 bn investment in creating retail network in the country including 100 hypermarkets and several hundred small stores. They have signed a 50:50 percent joint venture agreement with Wal-Mart. Wal-Mart will do the cash & carry while Bharti will do the front-end.

**Reliance:**
India’s most ambitious retail plans are by reliance, with investments to the tune of Rs. 30,000 cr ($ 6.67 bn) to set up multiple formats with expected sales of Rs 90,000 crores ($20 bn) by 2009-10. There are already more than 300 Reliance Fresh stores and the first Reliance Mart Hypermart has opened in Ahmedabad. The next ones are slated to open at Jamnagar, followed by marts in Delhi / NCR, Hyderabad, Vijayawada, Pune and Ludhiana.

**AV Birla Group:**
They have a strong presence in apparel retailing through Madura garments which is subsidiary of Aditya Birla Nuvo Ltd. They own brands like Louis Phillipe, Van Heusen, Allen Solly, Peter England, Trouser town. In other segments of retail, AV Birla Group has announced investment plans of Rs 8000 - 9000 crores in the first 3 years till 2010. The acquisition of Trinethra (food & grocery) chain in the south has moved their tally to 400 stores in the country. Their “More” range of 15 supermarkets are slated to open at Nashik, Pune and other tier II cities in Western India in 2007.

5.8 UNORGANIZED RETAIL SCENARIO IN SILCHAR:
The scenario of retail in Silchar is changing very fast. Those who are living in Silchar for more than 9 to 10 yrs can better understand the speed of increasing rate of retail. Vishal Mega Mart covered a very small space of Central Road in Silchar it about... sq ft. but has shown great impact on Traditional retailers. Now at present some new malls are almost ready to cover some more space of Silchar. However there was and still now debate is going on, regarding the survival of small traditional retailers. In Silchar large population is involved in traditional retailing and through this they are maintaining their livelihood. Even in Silchar also government is not able to provide job to solve the problems, like other
states. So it is a very crucial debate, what happens to their livelihood as organized retail expands. It is a legitimate concern that every policy makers must recognize.

In Silchar the organized retail are still in emerging phase. The traditional retailers and consumers are new to the concept and backed by a very few relevant experiences. But for the consumers, have great opportunity as variety of products, entertainment, large assortments of products at the lowest price under one roof with parking facility. It concentrates on daily need essential and repeat buying nature of its product categories in fruit and vegetables, fast moving consumer goods (FMCG). The strategy is to capture a greater share of the consumer wallet by covering all customer segments in all age groups, in all product categories, by providing all essential goods to house wives and old age people by displaying toys products of children and current fashioned goods for youngsters. Earlier a customer had to go to grocery shop for grocery items, clothes from other shop, crockery from other but the time is over for that type of shopping. Now the consumers are more aware about the value for which they are to pay because they have choice option. Still Silchar retail is dominated by a large number of small retailers consisting of the local Kirana shops, owner manned general stores, chemist, footwear shop, apparel shops, pan and beedi shops, hand-cart hawkers, pavement vendors etc. The last 5-6 yrs have witnessed the entry of a organized retailers opening stores in modern formats. So, from the above we find that both the organized and unorganized retailers are facing problems and there is need for something new like Cooperative Marketing.

5.9 Examining Gaps That Traditional Retailer suffers in Silchar:
On the basis of our examination of the problems and lacunas of unorganized retailing in Silchar in relation to Organized Retailing some of the gaps were identified now enumerated here under:

- Retailers perceive their inability to do much in this regard to face upcoming competition or threat from organized Retailers.
- Retailers perceived self limit to know and understand the changing consumer’s choices and expectations.
- Many know the changing market scenario but feel their limitations in terms of a space and finance to serve the customers in a modern way.
- There is lack of professional marketing service providers.
- Lack of training in formal marketing.
• Lack of support from next generations to continue with the existing establishment.
• Consumers and customers have become too choosy and demanding.
• Lack of availability of trained staff.
• Lack of awareness among the needy and lack of support from the financial institutions to give financial solutions to unorganized retailers.
• Unorganized retailers cannot afford high cost logistics, in result, transportation, home delivery, on credit sale, promotion and public relation practices are difficult to practice as these are not scale efficient at individual level.

5.10 HOW DOES COOPERATING MARKETING MAY HELP THE TRADITIONAL RETAILERS IN SILCHAR.
Cooperative Marketing infarct is using cooperative concepts and principles in dealing with marketing problems and seeking solutions in this regard. (Joseph.M, et.al, 2008)
If we examine the concept of cooperative marketing posted above we derive ways like cooperative marketing that can really help to the unorganized retailers to ride off the crucial marketing problems arising out there out of small scale of operations and fragmentations as a group. Traditional retailers in Silchar have all the locational advantage, social relationship advantage and advantage in respect of having long experience in retailing in Silchar but despite having such advantages many of the modern marketing expectations cannot be fulfilled at individual level. It is the outcome of small scale of operations. For example giving credit facility, home delivery, parking space, promotion and advertising, organizing social events for branding and transportation cost and mass storing facility, easy term loans etc are some of the modern tools of marketing which unorganized retailers are unable to bear due to cost constraints. In such a scenario cooperative marketing practices are best of help in this connection.
Unorganized retailers in Silchar can form marketing services Cooperative and organize it jointly to buy, manage and control the basic and strategic marketing solutions and services to the traditional retailers here and all the marketing facilities mentioned above can be passed on to the customers it can serve purposes at the same time. First the marketing facilities will be possible to provide to the customers. Secondly, the facilities will be provided at affordable cost per head of unorganized retailers despite total cost remaining high and thirdly, unorganized retailers limit to hire scale operations will be eliminated. In this way they can save a lot at individual level and provide modern marketing facilities to
the customers which will definitely help the unorganized retailers in Silchar town to face the challenges coming in form of competition from organized retailer and able to successfully deal with the increasing aspirations and expectations of new age customers coming to their market place.

5.11 CONCLUSION

In order to build a more successful business for tomorrow and to compete with organized retailing, small organization need to understand what consumers prefer. At present consumers in Silchar feel dissatisfied and seek more value. Understanding the consumer preferences and offerings customers control over where, when and how business interact with them - instead of being inundated with irrelevant or conflicting information will help build successful business. Unorganized retail by forming cooperative marketing can save a lot at individual level and can provide modern marketing facilities to the customers and it will help in facing the challenges and threats from organized retail. Cooperative marketing will be best and unique solution to unorganized retailing in Silchar.

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