



## **PROBLEMS AND PROSPECTS OF RETAIL BUSINESS – A STUDY WITH REFERENCE TO HASSAN DISTRICT OF KARNATAKA STATE**

A.B. Chakreshwari, Assistant . Professor, Department of Economics, Government First Grade College, Vittal – 574243 Dakshina Kannada district,,Karnataka. Email: [chakreshwariab@gmail.com](mailto:chakreshwariab@gmail.com)

### **ABSTRACT:**

Retail industry is the largest industry in India, with an employment of around 8 per cent to over 10 per cent of the country's Gross Domestic Product. Retail industry in India is expected to rise 25 per cent yearly being driven by strong income growth, changing lifestyles, and favorable demographic patterns. The scope of the Indian retail market is immense for this sector is poised for the highest growth in the next 5 years. The India retail industry contributes 10 per cent of the country's GDP and its current growth rate is 8.5 percent. India offers immense scope of growth and opportunities in this arena. As of now, almost 90 per cent of the Indian retail sector is controlled by tiny family-run shops that is the unorganized segment. Thus, organized retailers have a lot of room for further penetration in this flourishing economy. It is expected in the industry of retail in India by growth in consumerism in urban areas, rising incomes, and a steep rise in rural consumption. retailer, it is very difficult to retain the potential buyer. Because the buyers are scattered according to their convenience of purchasing. In order to keep possession of their sales volume, the retailer has to face a stiff competition in the retail business. Majority of functions have to be performed by owners themselves due to limitation of resources. So the researcher made sincere attempt to analyze the Problems and Prospects faced by retailer in Hassan district of Karnataka, during the course of starting and managing their enterprise.

**KEYWORDS :** INDUSTRY, RETAILMARKET, CONSUMPTION.

### **OBJECTIVES OF THE STUDY**

- To study the socio-economic conditions of the retailer in Hassan district
- To know the business profile of the retailers in Hassan district
- To analyse the problems faced by the retailers in Hassan district.
- To analyse the opportunities and prospects of retail Business.
- To offer suggestions to the problems faced by retailers in Hassan district.

## **METHODOLOGY AND DATA SOURCES:**

The study design is descriptive and analytical in nature. This study has utilized primary and secondary data. The information about retailer and retail business in Hassan district on the flow has been collected from sample retailers in the study area. This study is based on data collected from randomly selected 50 retailers and 50 customers in Hassan district of Karnataka state. Simple tabular form and percentage techniques are used to present the study findings. Secondary sources include published books, journal articles, magazines and Internet sources.

## **Introduction**

Retail-which literally means to put on the market, is a very important aspect of every city. Be it our daily groceries or fashion accessories and everything in between, retail industry brings us the blissful experience of shopping. Retail industry is the largest industry in India, with an employment of around 8 per cent to over 10 per cent of the country's Gross Domestic Product. Retail industry in India is expected to rise 25 per cent yearly being driven by strong income growth, changing lifestyles, and favorable demographic patterns. India's retail industry is one of the fastest growing at the rate of 5 per cent yearly. A further increase of 7-8 per cent is expected in the industry of retail in India by growth in consumerism in urban areas, rising incomes, and a steep rise in rural consumption. India has witnessed a revolution with the change in the consumer buying behavior and the whole format of shopping also altering. Industry of retail in India which has become modern can be seen from the fact that there are multi- stored malls, huge shopping centers, and sprawling complexes which offer food, shopping, and entertainment all under the same roof. India retail industry is expanding itself most aggressively; as a result a great demand for real estate is being created. Indian retailers preferred means of expansion is to expand to other regions and to increase the number of their outlets in a city. In the Indian retailing industry, food is the most dominating sector and is growing at a rate of 9 per cent annually. The branded food industry is trying to enter the India retail industry and convert Indian consumers to branded food. Since at present 60 per cent of the Indian grocery basket consists of non- branded items. India retail industry is progressing well and for this to continue retailers as well as the Indian government will have to make a combined effort.

An Overview of Retail in India - Before the decade of eighties, India with hundreds of towns and cities was a nation striving for development. The evolution was being witnessed at various levels and the people of India were learning to play different roles as businessmen and consumers. Without a well organized retail industry we would not have our necessities and luxuries fulfilled. Though organized retailing industry began much earlier in the developed nations, India had not actively participated. However with its vast

expanse and young population, India in the 21st century emerges as a highly potential retail market. The journey of retailing in India has been riveting and the future promises further growth. Here is a complete picture deciphering the past, present and future trends of Indian Retail Market. Retail in India in past: Before the decade of eighties, India with hundreds of towns and cities was a nation striving for development. The evolution was being witnessed at various levels and the people of the nation were learning to play different roles as businessmen and consumers. The foundation for a strong economy were being laid, youth were beckoning new awareness in all spheres. And this brought in an opportunity for retail industry to flourish. First in the metros and major cities later to impact sub urban and rural market as well. Retailing in India at this stage was completely unorganized and it thrived as separate entities operated by small and medium entrepreneurs in their own territories. There was lack of international exposure and only a few Indian companies explored the retail platform on a larger scale. From overseas only companies like Levi's, Pepe, Marks and Spencer etc. had entered targeting upper middle and rich classes of Indians.

However as more than 50 % population was formed by lower and lower middle class people, the market was not completely captured. This was later realized by brands like Big Bazaar and Pantaloons who made their products and services accessible to all classes of people and today the success of these brands proves the potential of Indian retail market. A great shift that ushered in the Indian Retail Revolution was the eruption of Malls across all regional markets. Now at its peak, the mall culture actually brought in the organized format for Retailing in India which was absent earlier, however before taking a leap into the future of Retail in India, let's see what the Indian retail Industry is currently occupied with. At present the Retail industry in India is accelerating. Though India is still not at an equal pace with other Asian counterparts, Indian is geared to become a major player in the Retail Market. The fact that most of the developed nations are saturated and the developing ones still not prepared, India secures a great position in the international market. Also with a highly diverse demography, India provides immense scope for companies brining in different products targeting different consumers. The factor that is presently playing a significant role here is the fact that a large section of Indian population is in the age group of 20-34 with a considerably high purchasing power; this has caused the increase in the demand in the urban market resulting in consistent growth in the Retail business. This paper attempts to study the socio –economic condition of retailer of Hassan district of Karnataka state .

**SOCIO- ECONOMIC STATUS****TABLE 1 : SOCIO – ECONOMIC STATUS OF RETAI SECTOR**

Sl.No.	Classification	Frequency	Percentage
Age			
1	20 to 25	16	32
2	26 to 50	28	56
3	51 and above	06	12
Sex			
1	Male	43	86
2	Female	07	14
Religion/ Caste			
1	Christians	03	06
2	Muslims	12	24
3	OBC	20	40
4	SC/ST	01	02
5	Upper class	14	28
Education			
1	Illiterate	10	20
2	SSLC	20	40
3	PUC	11	22
4	job oriented education	09	18
TOTAL		50	100

Source: PRIMARY DATA

Socio-Economic factors like age, sex, education and caste or religion greatly influence the structure of retail market so all these factors are considered.

It is clear from the table No.1 that 32 percent of the respondents belong to the age group 20 to 25 years and 56 percent are in the age group of 26 to 50. Whereas only 12 percent respondents belong to the age group of 51 and above

Sex is an important factor in retail marketing. It is evident from the study that the female sellers have made their presence felt in the retail market. It is observed from the table that the percentage of male respondents is 86 and female respondents constitute 14. It is found that there are 43 male respondents and only 07 female respondents. It is clear from the analysis that the male sellers are more and they dominate the retail market in the study area.

Though India is a secular state, Indians follow a variety of castes, creeds and religion. From the study it is found that 06 percent respondents are Christians, 24 percent belong to Muslims, 40 percent respondents belong to OBC, 02 percent belong to SC/ST and the

remaining 28 percent respondents are upper caste people. This reveals that all religion and caste people are engaged in retail marketing. It is evident from the analysis that caste is not a barrier for business.

**TABLE-2- DISRIBUTION OF RESPONDENTS ACCORDING TO THE SIZE OF SHOP ..**

Sl.No.	Size of shop	Frequency	Percent
1	Small	11	22
2	Medium	22	44
3	Large	17	34
	TOTAL	50	100

Source : PRIMARY DATA

**SIZE OF THE SHOP:** Size can influence the demands so this factor is considered for the analysis. It is evident from Table No.2.that 11 respondents have small shops. 22 respondents have medium size shops and 17 respondent has a large shop. It shows that 22 percent respondents' shops are small ,44 percent respondents shops are medium in size and 34 percent respondents' shops are large in size. The analysis clearly tells that most of the florists have medium size shops due to poor capital potentiality.

**TABLE – 3-INCOME PROFILE OF THE RESPONDENTS**

Sl.No.	Income	Frequency	Percent
	Less than Rs 10,000	11	22
	Rs 10,000 – Rs 20,000	21	42
	Rs 25,000 --30000	08	16
	30000and above	10	20
	TOTAL	50	100

Income earnings is an important factor which determinants the economic status of the respondents. So this factor is considered . Generally the rich people are having higher purchasing power than that of poor people. Table -3 shows that out of 50 respondents, 22 per cent are earning less than Rs 10,000 per month, followed by 42per cent of respondents who earn Rs 10,000 to Rs 20,000 per month where as 16 per cent of the respondents earn between Rs 25,000 and Rs 30,000 and the remaining 20 per cent of the respondents earn Rs 30,000 and above per month.

**TABLE 4- CLASSIFICATION OF RETAILERS ON THE BASIS OF THE PRODUCT DEALED**

The researcher categorized the retailers according to the nature of goods and services they deal. The data of this analysis is shown in Table -4

Sl.No.	Goods and services	Frequency	Percent
1	Grocery Shop	18	32
2	Stationery	07	14
3	Food	06	12
4	Fireworks	04	08
5	Textile	07	14
6	Electronic Products	02	04
7	Fancy Store	02	04
8	Gift items	02	04
9	Medical Products	02	04
	TOTAL	50	100

#### Primary Data

It is understood from the Table- 4 that 18 respondents are Grocery shop retailers which occupies 32 per cent , 14 per cent of the respondents are Stationery retailers,12 per cent of the respondents are Food item retailers, where as 08 per cent of the respondents are Fireworks item retailers, 14 per cent of the respondents are Textile retailers ,04 per cent of the respondents are Electronic products retailers , 04 per cent of the respondents are Fancy store retailers, 04 per cent of the respondents are Gift items retailers, 04 per cent of the respondents are Medical products retailers,

**TABLE – 5- PREVIOUS EXPERIENCE OF THE RETAILER**

Sl.No.	Previous Experience	Frequency	Percent
1	Yes	27	54
2	No	23	46
3	TOTAL	50	100

#### Primary Data

The researcher has also found out the previous experience of the respondents in the business. Table -5 shows the Experience of the retailers in their business. It is inferred from the above table that 54 per cent of respondents have previous experience in their business and 46 percent of respondents do not have previous experience in their business.

**TABLE – 6- NATURE OF THE BUSINESS**

Sl.No.	Nature of the business	Frequency	Percent
1	Hereditary	36	72
2	First Generation	14	28
3	TOTAL	50	100

**Primary Data**

Table -6 represents the information regarding the Nature of Business of the sample retailers in the study area.

The above table upholds that 72 per cent of the respondents are doing the retail business as hereditary and remaining 28 per cent of the respondents are the first generation businessman.

**TABLE – 6- NATURE OF DECISION MAKING**

Decision Making is an important role in business activities. The researcher has also collected the information about the business decisions of the retailers.

Table 06- reveals this analysis

Sl.No.	Nature of the	Frequency	Percent
1	Independent decision	19	38
2	Consult with family members	13	26
3	Employees	10	20
4	Professional advice	08	16
5	TOTAL	50	100

**. Primary Data**

38 percent of respondents take Independent decision, 26 percent of respondents Consult with family members, 20 percent of respondents have consulted with employees and remaining 16 percent of respondents Consult with Professional advice .

**TABLE – 7-BUSINESS AFFECT THE FAMILY LIFE**

The researcher has investigated about the business which affects the family life of the respondents. The data of information about the influence of business on family is displayed in table -7

Sl.No.	Business affect	Frequency	Percent
1	Affect	09	18
2	Not Affect	41	82
3	TOTAL	50	100

**Primary Data**

The Table -7 depicts the fact that 09 respondents feel that the business activities affect the family life and remaining 41 respondents feel that the business activities not affect the family life. Hence 18 percent of respondents feel that the business activities affect the family life and remaining 82 percent of respondents feel that the business activities not affect the family life.

**FORM OF HELP IS PROVIDED BY FAMILY MEMBERS**

Family support is the main pillar of an organization. Depending upon the needs and requirements, family members help the retailers. Table -08-shows the form of help provided by the family members.

**TABLE 08- FORM OF HELP PROVIDED BY THE FAMILY**

Sl.No.	Help	Frequency	Percent
1	financial help	16	32
2	manual help	11	22
3	advice	09	18
4	business tips	14	28
5	TOTAL	50	100

**Primary Data**

Out of 50 respondents 16 respondents have received financial help from their family family members, 22 per cent of respondents have received manual help, 18per cent of respondents have received advice from their family members, and 28 per cent of respondents have received business tips from their of family members

**PLACE OF ESTABLISHMENT** - The physical environment exercises a significant role on the attitude of the customers. Hence the researcher analyses the place of establishment and its influence in business of retail shop. Table 13 exhibits the details about the place of retail shop

**TABLE-9- PLACE OF ESTABLISHMENT**

Sl.No.	place	Frequency	Percent
	Nearer to residence	11	22
	Industrial area	06	12
	Residential area	33	66
	TOTAL	50	100

**Primary Data**

22 percent of respondents locate the business units nearer to their residence, 12 percent of respondents have the business units in industrial area and remaining 66 percent of respondents have the business units in residential area.

**TABLE- 10 -SOURCES OF PURCHASE OF MATERIAL**

Sl.No.	Purchase	Frequency	Percent
	Open Market	36	72
	Government Quota	09	18
	Other Sources	05	10
	TOTAL	50	100

**. Primary Data**

It is clearly exhibited in the table-10 that 72 percent of respondent have purchased the material from the open market, 18 percent of respondent have



procured the raw material from government quota and 10 percent of respondent have procured materials from other source like directly from the producers or manufacturers

#### **SOURCES OF FINANCE**

Finance holds the key to all business activity. No business activity can ever prosper without adequate financial support. The researcher has made an attempt to analyse the sources of finance for retail business in the Hassan district. The following Table 11 exhibits the sources of finance.

**TABLE -11- SOURCES OF FINANCE**

Sl.No.	Source	Frequency	Percent
	Owned funds	11	22
	Borrowed funds	12	24
	Owned and Borrowed	27	56
	<b>TOTAL</b>	<b>50</b>	<b>100</b>

#### **Primary Data**

It is clear from the Table 11 that 22 per cent of respondents have used owned funds for their business, 24 per cent of respondents have used borrowed funds, 56 per cent of respondents have used both owned and borrowed funds for their business

**MODE OF PURCHASES-** The retailers are purchasing the raw material both for cash and credit. It depends upon the quantum of purchase. The researcher has analysed and the results are exhibited in the following Table

**TABLE 12- MODE OF PURCHASES**

Sl.No.	Source	Frequency	Percent
	Cash	18	36
	Credit	17	34
	Both	15	30
	<b>TOTAL</b>	<b>50</b>	<b>100</b>

#### **Primary Data**

It is apparent from the above Table -12 that 36 per cent of respondents have purchased the products only against cash, 34 per cent of respondents under credit, 30 respondents have purchased the materials for both cash and credit terms .

**SOURCES OF BORROWINGS-** Usually the funds are borrowed from commercial banks, money lenders, friends, relatives Co-operative Banks.

**TABLE -14- SOURCES OF BORROWINGS**

Sl.No.	Source	Frequency	Percent
1	Relatives	06	12
2	Friends	05	10
3	Commercial Banks	16	32
4	Co-operative Banks	14	28
5	Financial Institutions	04	08
6	Money Lenders	04	08
7	Any other	01	02
	TOTAL	50	100

Primary Data

The researcher has analysed and presented the resulted in Table . It is evident from the above Table 14 that, 12 per cent of respondents have borrowed funds from their relatives, 10 per cent of respondents have borrowed funds from friends, 32 per cent of respondents have borrowed funds from commercial banks 28 percent of respondents have borrowed funds from co-operative banks while 08 percent of respondents have borrowed funds from financial institutions , while 08 percent of respondents have borrowed funds from money lenders and remaining 02 per cent of respondents have borrowed from other source.

**MOTIVATING FACTORS OF RETAILERS-** Several factors motivate the respondents to select the retail business The distribution of respondents according to the motivating factors is presented in Table -15

**TABLE -15- MOTIVATING FACTORS OF RETAILERS**

Sl.No.	Source	Frequency	Percent
1	Partners	12	24
2	Wife or Husband	11	22
3	Other family members	09	18
4	Friends	12	24
5	Relatives	03	06
6	Government officials	01	02
7	Others	02	04
	Total	50	100

Primary Data

It is evident from the Table 15 that 24per cent of respondents are motivated by their parents, 22 per cent of respondents are motivated by per cent of respondents are motivated their wife or husband, 18 per cent of respondents are motivated from Other family members,24 per cent of respondents are motivated their friends,06 per cent of respondents are motivated from their

relatives, 02 per cent of respondents are motivated by government officials to become retailers and 04 per cent of respondents are motivated by others to become retailers .

#### **REASONS FOR SELECTING RETAIL BUSINESS :**

- Previous experience,
- Technical qualification,
- Family business,
- Support from family member
- Owing infrastructure facilities
- Demand for the product or services
- To avail government concessions

#### **PROBLEMS OF RETAILERS:**

- Labour Problems
- Marketing Problems
- . Poor risk taking ability
- Lack of proper training
- Lack of leisure time .
- Health problems
- Excessive burden of work and responsibility
- Finance Problems
- Excessive tensions and challenges
- Lack of knowledge about competition
- Lack of knowledge about technology
- Occupational mobility
- Non co-operation from family members
- Negative attitude of Labour
- Higher Wages of labour.
- Competition from other retailers
- Competition from Supermarkets
- Lack of information about changing market
- Problem of bad debt
- Difficulties in getting Government concessions/Subsidies
- Inability to provide securities for loan

#### **. SUGGESTIONS :**

The following suggestions are offered to improve the retail business position in Hassan district. →

1. The location of the stores should be convenient and easy to access.
2. The goods should be properly packaged.
3. Certain specialized items which are used or consumed on special occasions or festivals or local celebrations should be available in the shops.
4. The out of date inventories are to be immediately identified and removed from the store.
5. Motivating the staffs for improving the performance of their work.
6. The quality of service is a key factor and winning a higher share of customer.
7. The quality of management of the customer is becoming an increasingly important source in improving the customer service.
8. Education and training of staff needs to be done to enhance service.
9. The frequent buyers should be maintained with the personalized report. The promotional measures such as advertising in local television, banner etc. This result in confidence and trust by customers on the store about the availability of the specialized items or products.
10. Technology and innovation will serve as the fuel in enabling the customer's shopping experience. Hence new technology may be adopted in serving the customers.
11. The Government should reduce the Registration formalities and Regulation.
12. The customers expect best shopping experience so the management should take care of environment. The key indicators such as product offering, physical characteristics of the store, store personnel, location convince, prices, customer's services.
  - The retailer should effectively utilize the natural resources.
  - The retailers should clarify the customer's doubt about the product and services and then purchase the product.
  - The retailers should properly pay the loan and advances to the financial institutions or government institutions they reduce the interest rates.

**CONCLUSION:** The retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services. There is no denying the fact that most of the developed economies are very much relying on their retail sector as a locomotive of growth. The India Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. Today retailers must differentiate themselves by meeting the needs of their customers better than the competitors. Hassan district is a business centre and there is a lot of scope for the development of retail business, Retailers should prepare marketing plans that include decision on target market, product assortment and procurement, services and stores atmosphere, price promotion and proper placement of products inside the retail shops. There is a general agreement

that a basic retailing strategy for creating competitive advantage is the delivery of high service quality. Therefore, by giving better service and product, definitely the retailers can taste the success. The India Retail Industry is gradually inching its way towards becoming the next boom industry. All these holds good in the study area.

**REFERENCES BOOKS:**

Kotler Philp., “Marketing Management”, Sultan Chand and Company Private Limited, New Delhi, Twelfth Edition

J.N and Singh.,P.P, “Modern Retail Management”, Tata McGraw Hill Publishing, New Delhi, Year 2006.

**MAGAZINES –**

Journal Academy of marketing science, vol 24. – Gupta.C.P, and Mitali Chaturvedi, “Retailing: An Emerging Trend in India”, Indian Journal of Marketing,

<https://www.franchiseindia.com/business-opportunities/karnataka.LOC14>

[vijayavaniadv.com/retail-industry-in-karnataka.php](http://vijayavaniadv.com/retail-industry-in-karnataka.php)

<https://retail.economictimes.indiatimes.com> › Latest Retail News › Industry

