A Study on the effect of shopping Malls on small Retailers in India With special reference to Ghaziabad district

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Abstract

In the present study equal numbers of consumer respondents have been taken from each age group for the analysis of primary data, majority of the respondents 40.8% educated up to secondary level where as 27.5% respondents are under graduates and 16.2% respondents are educated up to primary level and only 15.5% respondents are post graduates. It is observed in the present study that majority of respondents 33% consumer respondents preferred the price, 26% preferred performance and 21% preferred social status and rest 20% preferred family satisfaction as effective buying motive for product.

Impact of promotional offers on the buying decision indicates that 48% consumer respondents preferred the yes, 30% consumer respondents the no and rest 22% consumer respondents chose indifferent. Impact of promotional strategies indicates that 56% consumer respondents preferred the cash discount, 31% consumer respondents preferred the free gifts and the rest 13% consumer respondents choose free services as effective promotional strategy.

Key words: Retailing, Dukaandar, Kirana store, ETIG.

Introduction:

Retailing is one of the pillars of the economy in India and accounts for 13% of GDP. The retail industry is divided into organised and un-organised sectors. Over 12 million outlets operate in the country and only 4% of them being larger than 500 sq ft in size. Organised retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed

hypermarkets and retail chains, and the privately owned large retail businesses. Un-organized retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner operated general stores, paan/beedi shops, convenience stores, handcart and pavement vendors, etc. In India, a shopkeeper of such kind of shops is usually known as a dukandar.

The globalization of the Indian Economy has brought forward a change in the Indian consumerism psyche with the consumer becoming more aware of his/her value of money strength and their economic purchasing power becoming more evident than in the previous generations. The concept of product quality and service delivery which were earlier not very engraved in the consumer psyche are now very much demanded and delivered for in the new age format of organized product retailing in the Indian consumer goods market.

Most Indian shopping takes place in open markets and millions of independent grocery shops called kirana. Organized retail such supermarkets accounts for just 4% of the market as of 2008. Regulations prevent most foreign investment in retailing. Moreover, over thirty regulations such as "signboard licensees" and "anti-hoarding measures" may have to be complied before a store can open doors. There are taxes for moving goods to states, from states, and even within states.

Growth of Shopping Malls after 2011

Before 2011, India had prevented innovation and organized competition in its consumer retail industry. Several studies claim that the lack of infrastructure and competitive retail industry is a key cause of India's persistently high inflation. Furthermore, because of unorganized retail, in a nation where malnutrition remains a serious problem, food waste is rife. Well over 30% of food staples and perishable goods produced in India spoil because poor infrastructure and small retail outlets prevent hygienic storage and movement of the goods from the farmer to the consumer.

One report estimates the 2011 Indian retail market as generating sales of about $470 billion a year, of which a miniscule $27 billion comes from organized retail such as supermarkets, chain stores with centralized operations and shops in malls. The opening of retail industry to free market competition, some claim will enable rapid growth in retail

sector of Indian economy. Others believe the growth of Indian retail industry will take time, with organized retail possibly needing a decade to grow to a 25% share. A 25% market share, given the expected growth of Indian retail industry through 2021, is estimated to be over $250 billion a year: revenue equal to the 2009 revenue share from Japan for the world's 250 largest retailers. The Economist forecasts that Indian retail will nearly double in economic value, expanding by about $400 billion by 2020. The projected increase alone is equivalent to the current retail market size of France.

In 2011, food accounted for 70% of Indian retail, but was under-represented by organized retail. A.T. Kearney estimates India's organized retail had a 31% share in clothing and apparel, while the home supplies retail was growing between 20% to 30% per year. These data correspond to retail prospects prior to November announcement of the retail reform.

As the contemporary retail sector in India is reflected in sprawling shopping centers, multiplex- malls and huge complexes offer shopping, entertainment and food all under one roof, the concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. This has also contributed to large-scale investments in the real estate sector with major national and global players investing in developing the infrastructure and construction of the retailing business.

Review of Literature:

Previous research on consumer satisfaction has been dominated by the 'expectation-disconfirmation' approach or the 'performance' approach. The proposed model reported in this conceptual paper adopts the 'performance' approach, which purports that consumer satisfaction is derived from the evaluation of functional attributes *rather* than the disconfirmation between consumer perceptions and expectations of those attributes. The validity of the 'performance' approach is supported by previous studies. However, a limitation of the 'performance' approach is that consumer emotions (affective experiences) are neglected in the satisfaction equation, yet affective experiences are important to satisfaction formation of entertainment seekers due to the hedonic nature of the activity.

Need of the Study:

Retail industry has become India's largest employment generator after agriculture. Consumers are becoming increasingly sensitive in their expectations of products and services. In which a higher standard of quality of delivery is being demanded. They know what they want. They are tough critics, savvy purchasers. ETIG analysis of the NRS data over the last two years shows that the urban consumer is definitely becoming more discerning and demanding as far as lifestyle is concerned. Therefore, it is necessary, that consumers have to be thoroughly studied so as to have better knowledge on retailing of consumer goods and services and workout appropriate marketing strategies for the success not only in the short run but also in the long run. The consumers are finding various problems to select their durable and non-durable goods. It is identified that there is a need for more research work in the field of retailing.

Objectives of the Study:

1. To know the influence of education and age on shoppers' perceptions of mall experiences.
2. To examine the customer expectations and satisfaction from present day retailing.
3. To study the strategies followed by the retailers in shopping malls.

Research Methodology / Design:

Area of the study:

Ghaziabad district of U.P. has been selected as the area of the study. For a clear understanding of the consumer behavior and also the socio-economic and psychological character of consumers, the Ghaziabad district has been selected because the district has a better infra-structure facilities and a wide range of shopping centers, multiplex malls and Cineplex. There are about 15 shopping malls with the cinema halls and so many other large shopping centers as Subhiksha, More, Spencer, Health fresh and many others in all over the Ghaziabad district. These are main places from where the consumers are bought consumable and durable goods. The people of this area have greater opportunities of employment and also have more disposable income than other areas, hence, it is considered as the rich area with the better infrastructure and financial position of the people.

Sampling Technique:

Universe: Consumer respondents entering in the shopping malls.

Sampling Unit: Sampling unit is limited to the Ghaziabad district of U.P.

Sample Size: 400 consumer respondents from malls and other shopping centers (10-20 from each center).

Sampling Design: Simple random sampling is adopted on the ground of availability, convenience to access and level of participation. Almost equal no. of respondents will be taken in the   age group of 15-25, 25-35, 35-45 and above 45 years across the different income levels and education.

Data Collection:

Since the primary objective of this study is to know about the impact of the present retail trends on the consumer behavior. The present study is mainly based on the primary data to be collected with the help of structured questionnaire and interview. The necessary data for this study have been collected through an interview schedule by directly approaching the respondents and other relevant data will be collected from some secondary and tertiary sources also.

Research Tools for Data Collection and their Analysis:

Primary Data: The structured questionnaires have been used to collect the primary data. The questionnaire has both open-end and closed-end questions.

Secondary Data: Books and other Published material,
Journals, Magazines, News letters and Internet.

Tertiary Data: Indexes, Abstracts, Bibliographies,
Dictionaries, Encyclopedias and Catalogues.

Collection and Analysis of Data, Presentation and Interpretation of the Findings

The following tables and figures shows the respondent's age, education.

Table 1.1 **Indicating AGE OF RESPONDENT**

Age Group	Frequency	Percent	Valid Percent	Cumulative Percent
15-25	100	25.0	25.0	25.0
25-35	100	25.0	25.0	50.0
35-45	100	25.0	25.0	75.0
Above 45	100	25.0	25.0	100.0
Total	400	100.0	100.0	

INTERPRETATION : It reveals from the above table and the figure that equal number (100) of consumer respondents have been taken from each age group for the analysis of primary data collected for the study.

Table 1.2 Showing **EDUCATION LEVEL**

	Frequency	Percent	Valid Percent	Cumulative Percent
P.G.	62	15.5	15.5	15.5
U.G.	110	27.5	27.5	43.0
SECONDARY	163	40.8	40.8	83.8
PRIMARY	65	16.2	16.2	100.0
Total	**400**	**100.0**	**100.0**	

INTERPRETATION : It reveals from the above table and the figure that 15.5 % respondents **post graduate degree** out of which **female respondents** 28.57% are below 25 years, 32.14 % are from the age group 25-35 and 35-45, and only 7.15 % female are above 45 years of age. On the other hand **male respondents** 20.6% are below 25 years, 23.6 % are from the age group 25-35 and 20.6 % are from 35-45 age groups, and only 36 % are above 45 years of age.

27.5 % respondents have under graduate degree out of which female respondents 26.4 % are below 25 years, 22.2 % are from the age group 25-35, 31.7% are from 35-45, and 20 % female are above 45 years of age. On the other hand male respondents 20.6% are below 25 years, 23.6 % are from the age group 25-35 and 20 % are from 35-45 age group, and only 36 % are above 45 years of age.

40.8 % respondents have secondary level education out of which female respondents 22.3 % are below 25 years, 19.7 % are from the age group 25-35, 26 % are from 35-45, and 32 % female are above 45 years of age. On the other hand male respondents 22.8 % are below 25 years, 18.7 % are from the age group 25-35 and 26.3 % are from 35-45 age groups, and only 32.2 % are above 45 years of age.

16.2 % respondents have primary level education out of which female respondents 36.2 % are below 25 years, 21.3 % are from the age group 25-35, 24.3 % are from 35-45, and 18.2 % female are above 45 years of age. On the other hand male respondents 21 % are below 25 years, 26 % are from the age group 25-35 and 27 % are from 35-45 age group, and only 26 % are above 45 years of age.

Table 1.3   Indicating **Satisfaction Criteria**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Price	132	33.0	33.0	33.0
	performance	104	26.0	26.0	59.0
	Social Status	84	21.0	21.0	80.0
	Family Satisfaction	80	20.0	20.0	100.0
	Total	**400**	**100.0**	**100.0**	

INTERPRETATION :   Table 5.13 showing the Satisfaction Criteria. It reveals from the above table and the figure that 33 % consumer respondents preferred the price, 26 % respondents preferred the performance, 21 % respondents social status and the rest 20 % respondents preferred the family satisfaction as effective buying motive for product.

Table 1.4   Indicating **Impact of Promotional Offers**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	192	48.0	48.0	48.0
	No	120	30.0	30.0	78.0
	Indifferent	88	22.0	22.0	100.0
	Total	**400**	**100.0**	**100.0**	

INTERPRETATION :   Table 1.4 showing the Impact of Promotional Offers on the buying decision. It reveals from the above table and the figure that 48 % consumer

respondents preferred the yes, 30 % consumer respondents preferred the no and the rest 22 % consumer respondents choose Indifferent.

Table 1.5   Indicating **Promotional Strategy You like Most**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Cash Discount	224	56.0	56.0	56.0
	Free Gifts	124	31.0	31.0	87.0
	Free Service	52	13.0	13.0	100.0
	Total	**400**	**100.0**	**100.0**	

INTERPRETATION: Table 1.5 showing the Impact of Promotional Strategy retailers like Most. It reveals from the above table and the figure that 56% consumer respondents preferred the cash discount, 31 % consumer respondents preferred the free gifts and the rest 13% consumer respondents choose free services as effective Promotional Strategy.

SUGGESTIONS:

Indian retailers need to take the advantage of the growth and among to grow, diversify and introduce new formats has to pay more attention to the brand building process. The emphasis here is on retail as a brand rather than retailers selling brands. The focus should be on branding the retail business itself. In their preparation to face fierce competitive pressure, Indian retailers must come to recognize the value of building their own stores as brands to reinforce their marketing positioning, to communicate quality as well as value for money. Sustainable competitive advantage will be dependent on translating core values combining products, images and reputation into a coherent retail brand strategy.

Due to the FDI restrictions the international players are looking for alternative avenues to enter the Indian markets. However FDI restrictions in retailing have not bettered prominent international players from setting up shops in India.

Conclusion:

In India the retail sector is the second largest employer after agriculture, although it is highly fragmented and predominantly consists of small independent, owner managed shops. There are over 12 million retail outlets in India, and organized retail trade is worth about Rs. 12, 90,000 crore (September, 2010). The country witnessing a period of boom in retail trade, mainly on account of a gradual increase in the disposable incomes of the middle and upper - middle class household. The retail revolution, apart from bringing in sweeping, positive changes in the quality of life in the metros and bigger towns, is also bringing in slow changes in lifestyle in the smaller towns of India. Increase in literacy, exposure to media, greater availability and penetration of a variety of consumer goods into the interiors of the country, have all resulted in narrowing down the spending differences between the consumers of larger metros and those of smaller towns.

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