Mall versus Small: A Comparative Study of Effectiveness of Retail Management Strategies adopted by small retailers and mall retailers in Pimpri Chainchwad.

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Abstract: *The crux of successful retailing lies in the provision of right product at the right time & being present at the right place with right strategy. Retail is detail – Detail in products, process & people with passion at right place. India's retail market is expected to grow double to US$ 1 trillion by 2020 from US$ 600 billion in 2015, driven by income growth, urbanization and at changing mindsets of Indian consumers. While the overall retail market is expected to grow at 12 % per annum, modern trade would expand twice as fast at 20 % per annum and traditional trade at 10 %. India's direct selling industry is expected to reach a size of Rs. 23,654 crore (US$ 3.54 billion) by 2019-20, as per a joint report by India Direct Selling Association (IDSA) and PHD. The size of modern retail in India is expected to grow double to Rs 171,800 crore (US$ 25.7 billion) from Rs 87,100 crore (US$ 13 billion) in three years driven by Omni-channel retail. This research is based on comparative study of retail management strategies of small retailers and mall retailers in Pimpri Chinchwad city & understanding effectiveness of these strategies on sales volume. As Pimpri Chinchwad is one of the top most city in India & there is perfect competition among unorganized & organized retailers also overall categories of customers are present in city so Pimpri chinchwad area can be consider as representative of India as well as entire world. In this study primary data has been collected from small unorganized retailers as well as mall retailers regarding their strategies. Some parametric tests like One sample t test was used for data analysis & drawing results understanding effectiveness of Retailing strategies.*
Keywords: *Retailing Strategies, Small Retailers, Mall Retailers.*

I. INTRODUCTION

Retailing:

Retailing is a convenient, convincing, containing and comfortable method of selling goods and services. Retailing, though as old as business, trade and commerce has now taken new forms, formats, shapes & sizes. This is because of new management strategies & techniques, marketing techniques and also due to ever changing and dynamic consumer psychology and mindsets. Retailing can be defined as the buying or creating and selling of goods and services & information. It can also be defined as the timely delivery of goods and services demanded by consumers at prices that are competitive in market and reasonable to customers. Retailing involves a direct interface with the customer and the coordination of activities from end to end- right from the concept or design stage of a product or offerings to its supply & delivery and post-delivery service to the customer. Retail Industry is one of the fastest growing, changing and vibrant industries in the world & has great contribution to the economic growth of many countries. The term 'retail' is derived from the French word retailer which means cut a piece off or to break bulk. In simple terms, it implies a first-hand direct transaction with the customer.

Source: Article in Fibre to Fashion titled "Retailing Concepts- Introduction" , J.P.Bharathi


Retailing in India:

The retail industry in India is of the late often being recognized as one of the sunrise sectors in the economy. India's strong growth in retail sector is due to high saving and investment rates, fast growth in labor force and, increased consumer spending has made it a favorable retail destination globally. Indian consumers continue to urbanizes, started spending more & more on various purchases and have more exposure to brands, this has resulted in powerful, more perceptive consumer class. India's nearly 1.2 billion populations is most attractive target for the global brand companies.

India's retail sector is on its own way of modernization. Traditional markets are making way for new formats such as departmental stores, supermarkets, hypermarkets, exclusive showrooms and specialty stores. Westernized malls & supermarkets can be seen fast appearing in metros and II-tier cities, introducing the Indian consumer to an implausible shopping experience.

AT Kearney, a well-known international management consultancy firm, annually ranks emerging market economies based on more than 25 macroeconomic and variables which are retail oriented through their Global Retail Development Index (GRDI). In its 2011 edition, it has ranked India fourth indicating that India is one of the most attractive markets for global retailers to enter with FDI. It has made India the cause of a good deal of excitement and the emergence of many foreign investors.

Evolution of Retailing:-

The origins of retailing in India can be traced back to local markets and traders roaming in different areas. Whatever was available locally, entrepreneurs made an estimate of local demand and offered to the marketplace their merchandises to interested people. Eventually the government supported the rural retail and many aboriginal franchise stores came up with the help of Khadi & Village Industries Commission. The economy began to open up in the 1980s resulting in to the change of retailing and continue with drastic changes. With the passage of time new forms & formats are getting emerged in to Indian retail industry. These forms & formats appearing as per the changing mindsets of Indian consumers, change in the lifestyles, increase in the purchasing powers etc.
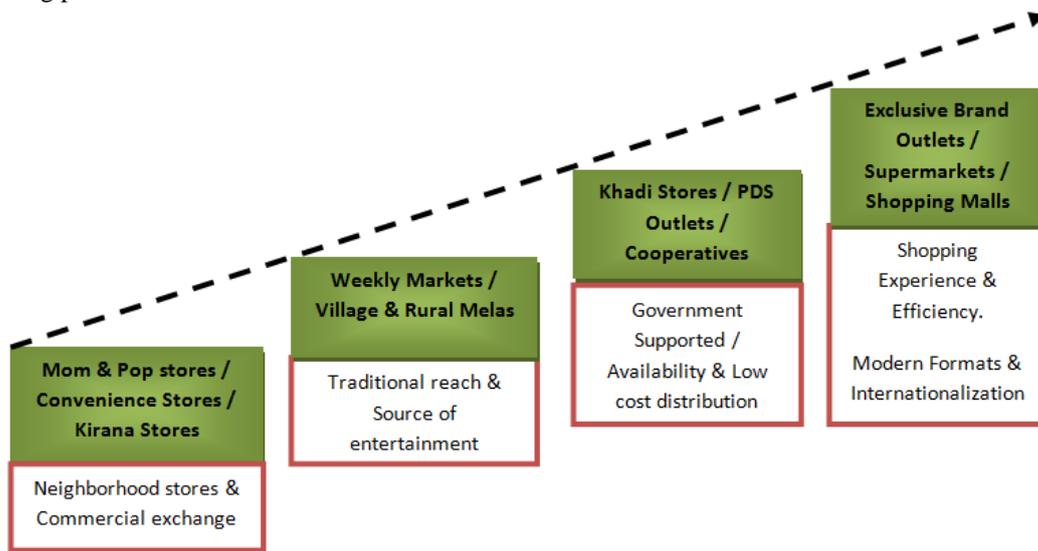
Organized Vs. Unorganized Sectors

The Indian retail industry is divided into two categories, organized and unorganized sectors. The Indian retail sector is highly fragmented, with a major share of its business is being run by unorganized retailers like the traditional family run stores, kirana shops, general stores and corner stores. The organized retail however is at a very nascent stage i.e. from last decade, though attempts are being made to increase its proportion bringing in a huge opportunity for prospective new players in the Indian retail industry.

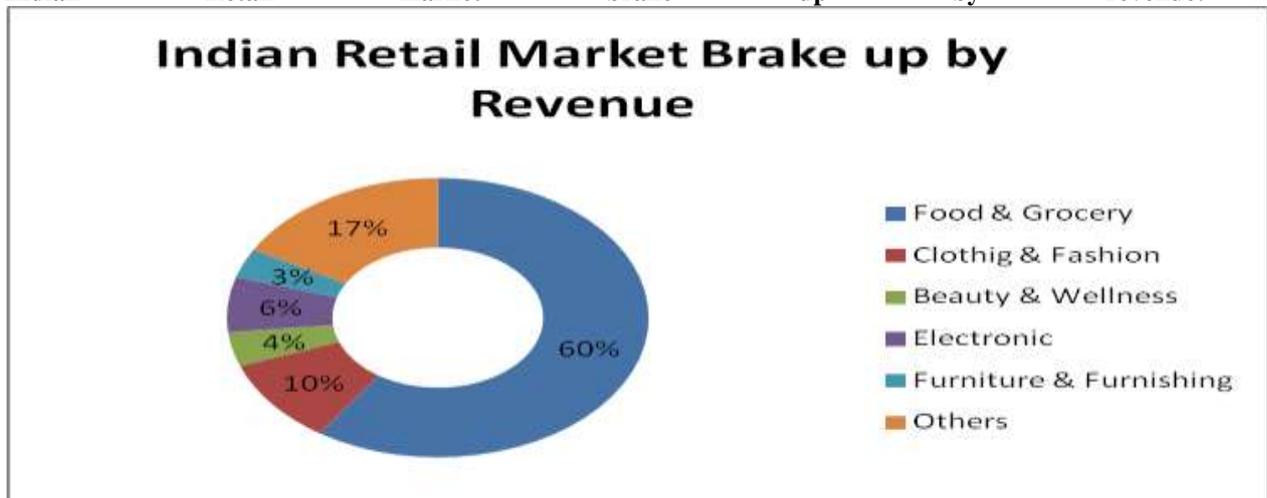**The Growth Drivers of Indian Retail Industry:-**
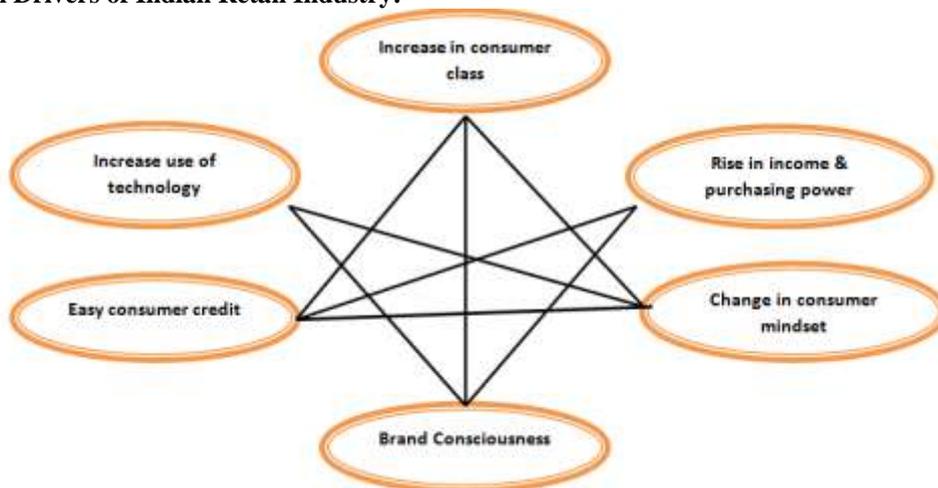
Strong growth in Indian Retail Industry:-

Source: Economist Intelligence Unit, Euro Monitor, Aranca Research

Indian   Retail   market   brake   up   by   revenue:-

Source: Indian Retail Market September 2011, Dellotte Aranca Research

Strategic planning for retail business / Retail Management Strategies:-

a) Situation Analysis:-
1. Current organizational mission
2. Current ownership & management alternatives
3. Current goods & services category

b) SWOT Analysis:-
1. Strengths – Current & Long term
2. Weaknesses – Current & Long term
3. Opportunities – Current & Long term
4. Threats – Current & Long term

c) Deciding objectives of business:-
1. Sales objectives
2. Positioning objectives
3. Profit Objectives
4. Satisfaction of public

d) Identification of consumers:-
1. Choice of target market
2. Concentrated Marketing
3. Mass Marketing
4. Differential Marketing

e) Deciding overall strategies:-
1. Strategies for controllable variables
2. Strategies for uncontrollable variables

f) Planning for specific activities:-
1. Planning for daily & short term operations
2. Responses for environment

g) Controlling:-
1. Evaluation of existing system
2. Adjustment if required

II. REVIEW OF LITERATURE

India has a large and aspirational middle-class people, approximately 75 million households or 300 million individuals. Middle-class consumers want products which are value-driven. India also has 500 million Indians under the age of 30. Young Indians are driving purchases in mobile phones, fashion & cloths, accessories, food and beverages, quick service restaurants, etc. Young Indians have access to more money than previous and with this there is independence, aspirations and a demand for products. According to the 2010 World Wealth Report by Capgemini and Merrill Lynch Wealth Management, the rise in the total number of millionaires (or Indians with investible assets, excluding main residence and consumer durables, of more than US$ 1 million) grew near about 51%, the second fastest in the Asia- Pacific region. The 700 million Indians residing in rural area are an opportunity that retail and consumer (R&C) companies cannot ignore. Penetration levels for several products, such as consumer durables and electronics, personal care, hair care, skin care are low in rural India. Retail companies who localize their products for this market, with regard to price points, packaging, stock-keeping units (SKU) size, promotion, will succeed.

According to Choudhary etal. (2012)*,* the MNCs can try and use a three steps approach to succeed in the Indian market – (a) Design its business structure for Indian market; (b) customize their offerings for Indian markets; and (c) form partnerships with Indian companies They repositioned their brands only when adapted to the local market needs and became successful.

Smriti Shrivastava, focused in Feb. 2012 in the study "Marketing strategies adopted by retailers in retail store"

Marketing strategy involves careful scanning of the internal and external environmental factors which are summarized in a SWOT analysis. Internal environmental factors include the marketing mix, plus performance analysis and strategic constraints & external environmental factors include customer analysis, competitor analysis, target market analysis, as well as evaluation of any elements of the technological, economic, cultural or political/legal environment likely to impact success. A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statements.

Once a thorough environmental scan is complete, a strategic plan can be constructed to identify business alternatives, establish challenging goals, and determine the optimal marketing mix to attain these goals, and detail implementation & finally controlling the overall system. A final step in developing a marketing strategy is to create a plan of action to monitor progress and a set of contingencies if problems arise in the implementation of the plan.

Nagasimha Kanagal, focused in 2011 in the study "Role of Relationship marketing in competitive marketing strategy"

Relationship marketing refers to a wide range of 'relationship type strategies' that have developed over the past few years in product as well as service markets and in consumer as well as business to business sectors. The antecedents of Relationship Marketing go to Services marketing. RM found ready acceptance in a marketing world where it had become obvious that strategic competitive advantage could no longer be delivered on the basis of product characteristics or features alone and where corporate profitability was beginning to become associated with satisfying existing customers. Relationship marketing as contrasted to transaction marketing that involves relational exchanges that trace to previous agreements. There are four types of buyer-seller relationships – bilateral relationships, buyer -maintained relationships seller-maintained relationships, discrete exchanges.

III. OBJECTIVES OF STUDY

1) To study good & bad effects on small retailers because of boom of mall retailers in pimpri chinchwad area.
2) To make a comparative study factors affecting sale for small retailers as well as mall retailers.
3) To make comparative study of different retail management strategies currently used by small retailers as well as mall retailers to attract more customers.
4) To make comparative study of difference in sales volume & difference in customer visits of small retailers before employing & after employing retail management strategies.

HYPOTHESIS

Ho 1:- There is no significant improvement in average sale volume of small retailers after employing retail management strategies as compare to the average daily sale before employing retail management strategies.
Ha 1:- There is significant improvement in average daily sale of small retailers after employing retail management strategies as compare to the average daily sale before employing retail management strategies.

IV. RESEARCH METHODOLOGY

1) **Type of research: -** Quantitative & Analytical Research.
   In this research researcher has used data which contain quantities like average monthly sales of small retailers as well as mall retailers in terms of money, difference in the sales volume before & after adapting retail management strategies of small retailers, approximate number of customers visiting to retail store so this research is Quantitative type of research.

2) **Data:-** In this research both primary as well as secondary data was considered. Primary data was collected for understanding actual situation of unorganized retailers & mall retailers in terms of sales volume, averages number of customers visiting etc. & secondary data was consider to understand concept of related to retailing, conditions of retailing sector in India, retail marketing & different retail marketing strategies.

   a) *Data Collection for secondary data :-* Secondary data was collected from different web sites previous research paper from national & international journals.
   b) *Data Collection for primary data :-* Primary data is collected by three different types of respondents with the help of direct interviews of managers of mall retailers & owner of unorganized retailers.

3) **Tool for Data collection:-** Two separate structured questionnaires, one for managers of mall retailers & another for unorganized retailers containing open ended as well as close ended questions.

4) **Sampling:-** Two different samples for two different respondents were considered in this study.

   a) *Unorganized Retail store owners:* Owner of Unorganized garment stores from different areas of pune city are considered.
   <u>Sample Size</u>:- 200 (20 stores in one area likewise 5 different developed & crowed areas & 5 undeveloped areas of pune city were considered. Further retail stores were categorized on the basis of specialty & divided in 5 categories like Grocery Stores, Garment stores, Electronic goods stores, Shoe stores, General Stores)
   <u>Sampling Technique</u>:- Stratified plus Cluster Random Sampling

   b) *Managers of Mall stores:* Managers of mall retail stores / Multi brand retail stores from different areas of pune city are considered.
   <u>Sample Size</u>:- 50 (10 mall retail stores from each area likewise 5 different areas from pune city were considered)
   <u>Sampling Technique</u>:- Simple Random Sampling

5) **Data Analysis Method:-** Different statistical tools & methods like Paired t test is used for data analysis & to draw results.

V. DATA INTERPRETATION & ANALYSIS:-

A) Abstract of Interpretations for the data collected from small retailers:

➢ Approximately 200 to 250 regular customers maintained by most of small retailers from developed & crowded areas & approximately 100 to 120 regular customers maintained by small retailers from undeveloped & uncrowded areas.

➢ Approximately 100 to 150 daily footfalls of customers at most of the small retail stores from developed & crowded areas & approximately 50 to 60 daily footfalls of customers at small retail stores from undeveloped & uncrowded areas.

➢ Daily average sales of small retailers vary from Rs. 5,000/- to Rs. 50,000/- depends upon location of stores, type of stores & variety of products offering.

➢ Daily averages sale of small retailers were got decreased before past few years due to boom in mall culture.

➢ According to most of small retailers, change in the scenario of retailing is mostly due to change in the lifestyle of Indian consumer & increase in purchase power of customers.

➢ According to survey most of small retailers started using retail management techniques recently i. e. from last 2-3 years, previously some value added facilities like credits to regular customers & free home delivery were provided by them.

➢ Store layout, Window display, Visual merchandising, Variety of products & availability of various brands in the stores, Discount on bulk purchase, Discount for the referrals, advertising through local channels were the retail management or retail marketing strategies adapted by most of small retailers.

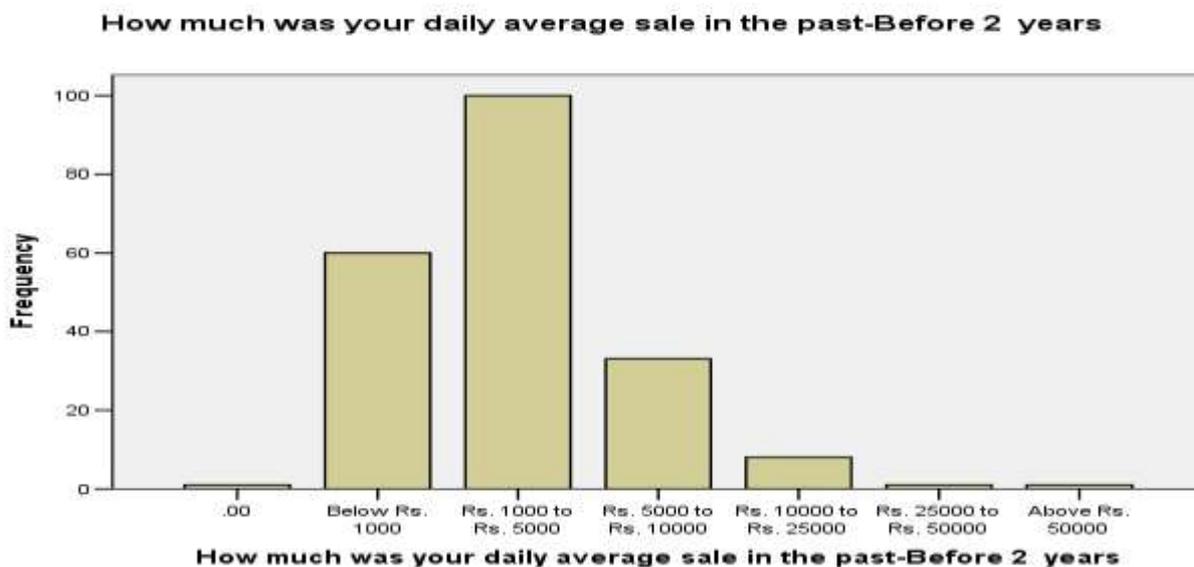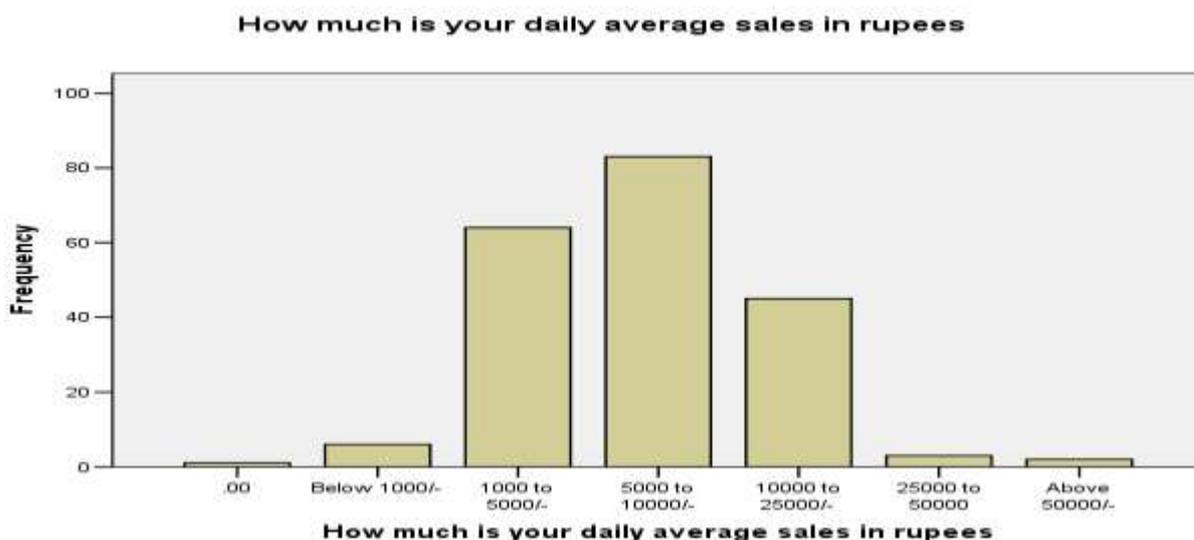**B) Abstract of Interpretations for the data collected from mall retailers**

➢ Approximately 400 to 500 daily footfalls of customers at most of the mall retail stores & in some of mall retail stores approximately 1000 daily footfall of customers, this footfall of customers varies for different mall retail stores depends on location, variety of products offered in the stores & special discount schemes offered.

➢ Daily average sales of most of the mall retailers were approximately from Rs. 25,000/- to Rs. 1,50,000/-, some of the mall retailers daily average sale get exceeds Rs. 2,00,000/-.

➢ Store layout, Window display, Visual merchandising, Pleasant atmosphere, Variety of products & product range & availability of variety of brands in the stores, Discount on bulk purchase, Various loyalty programs were the retail management or retail marketing strategies adapted by most of mall retailers.

HYPOTHESIS TESTING:

Ho 1:- There is no significant improvement in average daily sale of small retailers after employing retail marketing strategies as compare to the average daily sale before employing retail marketing strategies.

Ha 1:- There is significant improvement in average daily sale of small retailers after employing retail marketing strategies as compare to the average daily sale before employing retail marketing strategies.

Note:- Most of the small retailers has recently started employing retail management strategies strongly i. e. from last 2 to 3 years.

How much is your daily average sales in rupees

How much was your daily average sale in the past-Before 2 years

For hypothesis testing of first hypothesis i.e. Ho 1 researcher used one sample t test.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
How much is your daily average sales in rupees	204	2.8922	.91411	.06400
How much was your daily average sale in the past-In between last 3 - 5 years	204	.9608	1.10459	.07734

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
How much is your daily average sales in rupees	45.189	203	.000	2.89216	2.7660	3.0183
How much was your daily average sale in the past-In between last 3 - 5 years	12.423	203	.000	.96078	.8083	1.1133

Interpretation 1:
As a result of one sample t test it has been found that significance level between average daily sales after employing retail marketing strategies by small retailers & average daily sale before employing retail marketing strategies is 0.00 which is less than 0.05(standard Significance level). As significance level of paired t test is less than standard significance level Ho 1 gets rejected and Ha 1 gets accepted. Hence, there is significant improvement in average daily sale of small retailers after employing retail marketing strategies as compare to the average daily sale before employing retail marketing strategies

VI. FINDINGS
1) Due to the boom of mall culture, there were adverse effects on small retailers in terms of customer engagement as well as sales volume.
2) Mall retailers are using various Retail management strategies like Store layout, Window display, Visual merchandising, Pleasant atmosphere, Variety of products & product range & availability of variety of brands in the stores, various discount schemes to boost the sale.
3) Small retailers also started Retail management strategies like Window display, Visual merchandising, Variety of products & availability of various brands in the stores, Discount on bulk purchase, Discount for the referrals, advertising through local channels.
4) Small retailers are able to maintain loyalty in their regular customers by providing value added services like free home delivery & credits on purchase.
5) After employing retail management strategies by small retailers, there were significant increase in average sales volume irrespective of their location & irrespective of their offerings of products.

VII. CONCLUSION
This paper was intended to study retail management strategies of small retail stores & mall retailers & the significance of retail management strategies for the small retailers. After conducting this research it has been observed that small retailers have started adapting retail management strategies recently i. e. from last 2-3 years, also by providing value added services like free home delivery of products & credits on purchases to their regular customers, small retailers are able to increase the sales volume again and also able to maintain loyalty of their regular customers. Retail management strategies adapted by small retailers are somewhat similar to the retail management strategies already carried out by mall retailers, but the scale of these strategies by the small retailers are less than the mall retailers.

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