

Unorganised Retailers in a Race to Sustain their Competitiveness

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Abstract

The Indian Retail terrain is occupied by a large number of small unorganised retailers which occupy close to 90% of the retail market. Despite their dominance, there is still fear among them of losing market share to the organised retailers. There is dearth of research to foster the opinion of unorganised retailers in a positive direction. A primary survey was conducted by interviewing 500 consumers, 100 organised and 200 unorganised retailers to understand their perception towards retailers. The results show that very few retailers perceived decline in sales and margins over a period of time and few felt threatened with the growth of organised retail stores in the vicinity of their store. Unorganised retailers are found to have a competitive advantage over organised retailers with respect to credit availability, provision of home delivery, faster checkout and shop proximity. Unorganised retailers are also experimenting with their store format to sustain their competitiveness.

Keywords: Retail, Unorganised, Organised, Impact, Competitive Strategy and Kiranas

Introduction:

The Indian retail market is worth US\$ 672 bn. (Pradhan, 2017)²¹ and has grown by an average of 16-18% to reach where it is today (Indian Retail Report, 2015)¹³. It is the second largest sector next to agriculture in terms of employment generation. As per the report by IBEF, 2017¹¹ 'India holds an astounding stance in global retail rankings with its lofty market potential, low economic risk and moderate political risk.' This scenario is ever welcoming to organised retailers to set up operations in the country. There is a difference between the formal and the informal sector. The organised sector will include incorporated businesses which generally publish their company budgets and reports such as supermarkets, hypermarkets, departmental stores and shop-in-shops. The formal sector will include the organised sector and businesses run by cooperative societies and trusts. The unorganised sector will include the informal sector comprising of 'Mom & Pop' stores also called '*kirana*' stores, vegetable stalls, paan shops, pushcarts and street vendors. In addition to the informal sector, the unorganised sector will also include general merchants, chemists, appliance stores and specialty stores that are otherwise a part of the formal sector (Kohli & Bhagwati,

2011).¹⁷ More than 90% of the retailers are in the unorganised sector, which is highly fragmented. The share of organised retail being just close to 10% and online retail being 17% of the organised retail is contributing to the increase in competition (CCI, 2011)³

AT Kearney, 2017² report positions India at the top, in global retail ranking. China drops to the second place as the market in China is maturing. It is the strong economic growth, favorable foreign investment environment, and a consumption boom which makes India an attractive retail destination. The government initiative to boost cashless payments and reform indirect taxation in the form of GST are a move in the direction of modern retail. Table 1, shows India's ranking as per GRDI since 2004 till date and the major drivers and challenges contributing to the position India has achieved. It also shows how retailer's strategies have evolved over the years.

Table 1: India's Position at Global Retail Development Index [2004 – 2017]

GRDI Index	India's Rank	Report Highlights with respect to India: Drivers of Growth and Challenges
GRDI 2004	2 nd	<ul style="list-style-type: none"> • Between 1999 & 2003, the GDP of India increased by 40 per-cent • Improved living standards were major drivers of retail growth
GRDI 2005	1 st	<ul style="list-style-type: none"> • India has highly fragmented retail market in the world • Powerhouse in terms of people • Change in regulatory landscape, encouraging direct ownership by foreign retailers as opposed to the previous norm of entering India via franchise • The challenges include inadequate infrastructure and vast heterogeneous market varying in values and culture
GRDI 2006	1 st	<ul style="list-style-type: none"> • Strong economic growth • Top 5 retailers account for less than 2% of the organised retail • The biggest challenge being availability of experienced retail staff
GRDI 2007	1 st	<ul style="list-style-type: none"> • Growth of organised retail was 25 - 30% • Relaxed FDI regulations as single brand retailers could own 51% majority stake in a joint venture with a local company • The challenges still being acute shortage of middle and senior level staff
GRDI 2008	2 nd	<ul style="list-style-type: none"> • Democratic country with high growth rates over the past four years, 75% increase in consumer spending as India has its 33% young population below the age of 15 • Stiff regulations, rising real estate cost, fiercely competitive domestic retailers, resource constraints for shopping mall projects were the major hurdles
GRDI 2009	1 st	<ul style="list-style-type: none"> • Global slowdown • India identified as the fastest growing economies in Asia with 67% GDP growth between 2003 and 2007 • Lowest inflation over a decade • India's educated aspirational middle class demanding better retail experience • Real estate value has seen a real correction • Retailers are restructuring their business models i.e. closing unprofitable stores

		<ul style="list-style-type: none"> • Rural India is an attraction with household earning of \$ 2000 per year, which is accepted as the point at which consumers start buying branded products • The hurdle being FDI restriction for complete ownership of single brand retail
GRDI 2010	3rd	<ul style="list-style-type: none"> • Immense potential as organised retail is still 5% of the total retail • The Indian retail market is maturing and domestic retailers have existed for losses including Subhiksha. Established retailers are introducing innovative retail formats such as community shopping, village malls and destination shopping malls • The challenges include rising commodity prices and FDI restrictions for multi brand retail
GRDI 2011	4th	<ul style="list-style-type: none"> • Indian and foreign retailers are optimizing their store portfolios in order to grow profitably • Domestic retailers are growing selectively, postponing their aggressive expansion plans • Retailers are moving towards Tier II and Tier III cities which offer greater market potential at lower real estate cost • Growth in salaries and aspiration of consumers may allow both organised and unorganised retail stores to coexist • The regulatory challenges include selection of a right partner, meeting local tastes and preferences, financial stability and need for coordination among the top management in both the companies
GRDI 2012	5th	<ul style="list-style-type: none"> • Strong macroeconomic foundations in term of growth, higher disposable income and urbanization and 100% allowance of FDI in Single brand retail with 30% local sourcing requirement were the major drivers
GRDI 2013	14th	<ul style="list-style-type: none"> • Slowdown in GDP growth • Government allowed 51% FDI in multi brand retail, though implementation was left to individual states; the challenge being that two third of the Indian states were against opening of FDI as a conscious policy to stop global competitiveness • Emergence of online retail • High operational cost, real estate cost and space availability, low bargaining power with the vendors and heavy discounting to improve sales have affected profits and expansion plans of retailers
GRDI 2014	20th	<ul style="list-style-type: none"> • Organised retail constituted 8% of total retail market • Low growth in GDP, increasing inflation, exchange rate fluctuations, escalated real estate prices, shortage of talent, inefficient supply chain, complicated FDI policy are the challenges faced by retailers to form to form unified strategies • Retailers are realizing the importance of managing their supply chains, improving their operations and back end processes; they are adopting lean models in terms of capital & operational cost, size and are opening store in carefully selected locations
GRDI 2015	15th	<ul style="list-style-type: none"> • Strong GDP growth making India the world's fastest growing major developing market • Challenges include Malls quality lacking international standards and dearth of quality space in core areas

GRDI 2016	2nd	<ul style="list-style-type: none"> • Increase in economic growth • 100% FDI in online retail • The challenges include lack of quality infrastructure, high attrition rate and finally the uncertainty as the decision for allowing FDI still remains with individual states
GRDI 2017	1st	<ul style="list-style-type: none"> • Government initiate to minimize federal and state rules that curtail retail development • Improved ease of doing business in India; Make in India and Skill India Initiative • Boost to cashless economy through demonetization and tax reform of GST • Increased consumer spending beyond essentials • Online retail is projected to grow 30% annually • Retailers involved in Omni-channel retail strategy • To maintain profitable online operation is a challenge and e-commerce has seen consolidation

Source: AT Kearney, GRDI Yearly Reports [2004 – 2017]

The most controversial topic of discussion relates to the impact that growth of organised retail has on the extensive unorganised retail sector in India. The current economic and political scenario in India is such where there are diverse views among different ethnic groups as well as political parties as to the opening up of the retail sector to FDI. This has created anxiety among millions of small retailers with regard to their fate. There is dearth of research in the area to foster the opinion of unorganised retailers in a positive direction. The research may help meet the aspirations of millions of people who are engaged in the unorganised retail sector, as to the uncertainty that growth of organised retailing has created.

Literature Review

There are different studies which suggest the level of impact of organised retail on the unorganised retail sector. It has been found that 50% of the small shops in Mumbai faced a major decline in their business and were hence closed (Kalhan, 2007)¹⁴. Also, very few retailers responded to competition through aggressive promotion. The growth of organised retail is inevitable and a policy which gives the unorganised retailers an opportunity to offer personalised service should be offered (Guruswamy, Sharma et.al., 2005)⁹. It is premature to say that small traders will be eliminated as they are improving their methods (Pennance & Yamey, 1955)²⁰. Consumers only selectively adopt supermarkets as they continue to visit the traditional stores for purchasing fresh food (Goldman, 2000)⁷. On the other hand, in western countries malls have replaced the traditional main street retailers (Voyce, M., 2007)²⁵. The study by ICRER, 2008¹², one of the largest studies in India found that the adverse impact on the business of unorganised retailers is only in the initial years of the emergence of organised retail. Unorganised retailers are responding to competition through improved business practices, technology up gradation and extending more credit to attract and retain customers.

Unorganised retailers are struggling to introduce changes in their business (Talreja & Jain, 2013)²⁴ and are shifting stores away from organised retail stores (Kalirajan & Singh, 2013)¹⁵

No significant impact of organised retail on unorganised retail is found in the study of Sharma, Mahendru & Singh, (2011²²). Unorganised retailers are the biggest challenge for organised retailers in India due to their low operational cost (Akhter & Equbal, 2012)¹. They have a competitive edge due to maintenance of strong relationship, store proximity and longer operating hours (Kathuria & Jain, 2012)¹⁶. Unorganised retailers are confident that their market segment is different consisting of middle and lower middle class customers (Ghoshal 2014)⁶. There shall be 24 hrs. of retailing and small retailers will co-exist (Cygnus Business Consulting & Research 2004⁴; NABARD (2011¹⁹) as the shoppers are unlikely to let go of traditional retail stores (McKinsey, 2008)¹⁸. Large multinational retailers are unlikely to decimate the small retailers in India (Kohli & Bhagwati, 2011)¹⁷. A research by Zee Research Group: Sharma, 2011)²³ found that unorganised retail is least affected by the organised retail and that FDI in retail may help increase efficiency of both. Organised and unorganised retail have their own competitive advantages (Talreja & Jain, 2013)²⁴. There is need for *Kiranas* to upgrade their facilities to be able to compete with the organised retailers (Goswami & Mishra, 2009)⁸. In Indonesia even after many years of organised retail, 70% of all food is still controlled by traditional retailers; and is no threat to *Kiranas* (Hurne & Patil, 2012)¹⁰ Even if there is intense competition, it may only have a positive impact for all the stakeholders (Fernandes, Banu & Simon, 2012)⁵.

Objective of the Study

Analyzing the impact of organised retail on the unorganised retail is a sensitive issue in India and the government is making all efforts to review its policies to minimize the impact of organised retail on the vast unorganised retailers in the country. This study was therefore vital to get the current state of unorganised retail as competition is increasing day by day. The following two sub-objectives have hence been framed:

1. To study the perception of consumers and retailers towards Organised and Unorganised retail stores with respect to retail store attributes.
2. To understand how unorganised retailers perceive the impact of organised retail on their business.

Methodology

The study is dependent on primary data to a large extent. The sample size of the research comprised of 500 consumers, 100 organised retailers and 200 unorganised retailers from Delhi NCR and Chandigarh Tri-city. The study focused on retailers in the lifestyle and the value segment. Through a structured interview schedule the consumers and retailers were asked to rank their preferences for organised and unorganised retail stores on a 5 point scale ranging from Poor to Best. The findings reflect the perception of the consumers and retailers towards organised and unorganised retail sector with respect to 18 store attributes viz. *store ambience, shopping experience, shop proximity, one stop shopping destination, convenience of shopping, staff/ salesmen service, provision of home delivery, simple store navigation, faster checkout, availability of discounts, value for price, credit availability, variety of products, deeper assortment, availability of brands, quality of goods, fresh stock availability, availability of exotic fruits and vegetables.* The unorganised retailers were also personally interviewed to understand if they perceived any impact on their business over a period of time; whether the impact they perceived was a deterrent for their survival and

how are they responding to such an impact. The unorganised retail stores comprise of the kirana store, general stores, departmental store and textile store in the local markets of Delhi NCR and Chandigarh Tri-city. The unorganised retail stores were chosen in the vicinity of organised retail stores and at prime unorganised shopping locations in Delhi NCR and Chandigarh Tri-city as shown in Table 2.

Table 2: Prime Unorganised Shopping Locations in Delhi NCR & Chandigarh Tri-city

Delhi NCR			
1	Lajpat Nagar, Delhi	5	Chandni Chowk, Delhi
2	Sarojini Market, Delhi	6	INA, Delhi
3.	Janpath Market and Palika Bazaar, Delhi	7	Atta Market, Noida
4	Sadar Bazar, Gurgaon	8	Old Faridabad Market
Chandigarh Tri-city			
1	Sector 17, Chandigarh	3	Sector 19, Chandigarh
2	Sector 22, Chandigarh		

Analysis and Interpretation

1. Perception of consumers and retailers towards Organised and Unorganised retail stores

1.1. Perspective of consumers of organised retail: Table 3 shows that consumers who prefer shopping at organised retail stores perceive organised retail to be better than the unorganised retail stores on all the above mentioned parameters, except for the two parameters of *home delivery* and *credit availability* where they found no difference between the organised and unorganised retail stores.

Table 3: Perception of Consumers of Organised Retail with respect to difference between Organised and Unorganised Retail Stores

	Organised Retail Stores		Unorganised Retail Stores		t value	df	p value
	Mean	SD	Mean	SD			
Store Ambience	4.16	0.97	2.27	0.98	22.22	249	0.00**
Shopping Experience	4.11	0.92	2.75	1.00	15.49	249	0.00**
Shop Proximity	3.84	1.01	3.28	1.19	5.26	249	0.00**
One Stop Shopping Destination	4.17	0.95	2.63	0.97	17.29	249	0.00**
Convenience of Shopping	4.14	0.95	2.96	1.10	12.24	249	0.00**
Staff/ Salesmen Service	3.92	1.03	3.02	1.12	8.82	249	0.00**
Provision of Home Delivery	3.43	1.41	3.34	1.33	0.72	249	0.47
Simple Store Navigation	3.87	1.06	2.92	1.17	9.48	249	0.00**
Faster Checkout	3.81	1.16	3.32	1.27	4.23	249	0.00**
Availability of Discounts	3.95	1.15	2.74	1.23	10.55	249	0.00**
Value For Price	3.93	1.00	3.18	1.02	8.11	249	0.00**
Credit Availability	3.32	1.45	3.28	1.27	0.31	249	0.76
Variety of Products	4.07	1.00	2.88	1.06	11.81	249	0.00**
Deeper Assortment	3.80	1.02	2.71	0.93	12.61	249	0.00**
Availability of Brands	4.08	1.01	2.44	1.11	16.67	249	0.00**
Quality of Goods	4.10	0.90	2.80	1.02	15.25	249	0.00**
Fresh Stock Availability	4.00	0.96	3.08	1.10	9.31	249	0.00**
Availability of Exotic Fruits and Vegetables	3.85	1.18	2.64	1.25	10.82	249	0.00**

**Significant at 0.01 level *Significant at 0.05 level

1.2 Perspective of consumers of unorganised retail: Table 4 shows that the consumers who prefer shopping at unorganised retail stores perceive unorganised retail to be better than the organised retail when it comes to *credit availability*; while on all other parameters organised retail was significantly found to be better than the unorganised retail. The results show no significant difference between the organised and unorganised retail stores with respect to *shop proximity*, *faster checkout* and *value for price*. Though the results are not significant, the ‘Mean’ result shows that though both organised and unorganised retail stores are evaluated at par with respect to *shop proximity*; unorganised retail store are better than the organised retail stores with respect to *faster checkout* and *value for price*.

Table 4: Perception of Customers of Unorganised Retail with respect to difference between Organised and Unorganised Retail Stores

	Organised Retail Stores		Unorganised Retail Stores		t value	df	p value
	Mean	SD	Mean	SD			
Store Ambience	3.81	1.087	2.74	1.127	11.24	249	0.00**
Shopping Experience	3.79	1.089	3.17	1.000	6.76	249	0.00**
Shop Proximity	3.38	1.039	3.38	1.149	0.04	249	0.97
One Stop Shopping Destination	3.72	1.108	3.12	1.111	5.60	249	0.00**
Convenience of Shopping	3.79	1.041	3.51	1.065	2.60	249	0.01**
Staff/ Salesmen Service	3.76	1.092	3.18	1.148	5.78	249	0.00**
Provision of Home Delivery	3.38	1.378	2.98	1.381	2.81	249	0.01**
Simple Store Navigation	3.51	1.073	3.19	1.068	3.28	249	0.00**
Faster Checkout	3.40	1.283	3.58	1.139	-1.50	249	0.14
Availability of Discounts	3.60	1.046	3.15	1.183	4.25	249	0.00**
Value for Price	3.38	1.092	3.41	1.131	-0.23	249	0.82
Credit Availability	3.02	1.417	3.31	1.241	-2.21	249	0.03*
Variety of Products	3.91	1.110	3.05	1.216	8.40	249	0.00**
Deeper Assortment	3.47	1.003	3.01	1.096	5.03	249	0.00**
Availability of Brands	3.89	1.149	2.98	1.285	8.77	249	0.00**
Quality of Goods	3.90	.993	3.25	1.114	7.39	249	0.00**
Fresh Stock Availability	3.90	.979	3.38	1.174	5.29	249	0.00**
Availability of Exotic Fruits and Vegetables	3.74	1.161	2.82	1.310	7.77	249	0.00**

**Significant at 0.01 level *Significant at 0.05 level

1.3. Organised retailers’ perspective: Table 5 shows that organised retailers perceive organised retail stores to be better than the unorganised retail stores with respect to all the mentioned attributes except for *provision of home delivery*, *faster checkout* and *credit availability* where unorganised retail stores are perceived to be better than the organised retail stores. Organised retailers perceive no significant difference among organised and unorganised retail stores with respect to *shop proximity* and *convenience of shopping*.

Table 5: Organised Retailers' Perception of difference between Organised and Unorganised Retail Stores

	Organised Retail Stores		Unorganised Retail Stores		t value	df	p value
	Mean	SD	Mean	SD			
Store Ambience	4.62	0.51	2.01	0.99	23.93	99	0.00**
Shopping Experience	4.47	0.54	2.22	1.03	18.23	99	0.00**
Shop Proximity	3.74	1.01	3.66	1.12	0.47	99	0.64
One Stop Shopping Destination	4.38	0.68	2.53	0.96	14.61	99	0.00**
Convenience of Shopping	4.15	0.83	3.88	1.15	1.84	99	0.07
Staff/ Salesmen Service	4.06	0.65	3.53	1.07	3.99	99	0.00**
Provision of Home Delivery	2.77	1.30	3.97	1.27	-6.03	99	0.00**
Simple Store Navigation	3.98	0.75	3.24	1.30	4.63	99	0.00**
Faster Checkout	3.63	1.02	4.44	0.86	-5.98	99	0.00**
Availability of Discounts	4.23	0.65	2.66	1.13	10.52	99	0.00**
Value For Price	4.04	0.72	2.91	1.02	8.17	99	0.00**
Credit Availability	2.20	1.32	4.07	1.30	-8.57	99	0.00**
Variety of Products	4.22	0.72	2.71	0.97	11.29	99	0.00**
Deeper Assortment	4.22	0.64	2.57	0.87	14.70	99	0.00**
Availability of Brands	4.36	0.66	2.13	1.02	17.03	99	0.00**
Quality of Goods	4.16	0.53	3.15	0.91	9.81	99	0.00**
Fresh Stock Availability	4.02	0.71	3.56	1.12	3.25	99	0.00**
Availability of Exotic Fruits And Vegetables	4.12	0.76	2.27	1.11	14.43	99	0.00**

**Significant at 0.01 level *Significant at 0.05 level

1.4. Unorganised retailers' perspective: Table 6 shows that unorganised retailers perceive unorganised retail stores to be better than the organised retail stores with respect to *shop proximity*, *provision of home delivery*, *faster checkout* and *credit availability*. They do not perceive any significant difference among organised and unorganised retail stores with respect to *simple store navigation* and *value for price*. On all the remaining attributes, the unorganised retailers perceive organised retail stores better than the unorganised retail stores.

Table 6: Unorganised Retailers' Perception of difference between Organised and Unorganised Retail Stores

	Organised Retail Stores		Unorganised Retail Stores		t value	df	p value
	Mean	SD	Mean	SD			
Store Ambience	4.79	0.44	2.50	0.81	34.95	199	0.00**
Shopping Experience	4.31	0.77	3.44	1.03	9.25	199	0.00**
Shop Proximity	3.00	1.25	3.92	0.96	-6.93	199	0.00**
One Stop Shopping Destination	4.39	0.66	3.17	1.04	14.00	199	0.00**
Convenience of Shopping	4.29	0.62	3.97	0.92	3.63	199	0.00**
Staff/ Salesmen Service	4.25	0.71	3.92	0.95	3.58	199	0.00**
Provision of Home Delivery	2.02	1.11	4.23	1.10	-18.82	199	0.00**
Simple Store Navigation	3.99	0.99	3.93	0.98	0.47	199	0.64
Faster Checkout	2.82	1.21	4.44	0.88	-14.55	199	0.00**
Availability of Discounts	4.13	0.83	3.05	1.10	10.34	199	0.00**
Value for Price	3.83	0.90	3.79	0.98	0.38	199	0.71
Credit Availability	1.96	1.42	4.16	1.05	-14.52	199	0.00**
Variety of Products	4.32	0.79	3.24	0.96	12.90	199	0.00**
Deeper Assortment	4.39	0.69	2.86	0.92	19.63	199	0.00**
Availability of Brands	4.47	0.64	2.20	0.93	27.69	199	0.00**
Quality of Goods	4.23	0.71	3.40	0.92	8.81	199	0.00**
Fresh Stock Availability	4.30	0.75	3.46	1.05	8.43	199	0.00**
Availability of Exotic Fruits and Vegetables	4.27	0.78	2.20	0.94	24.29	199	0.00**

**Significant at 0.01 level *Significant at 0.05 level

2. Survey Results

Unorganised retailers in Delhi NCR and Chandigarh Tri-city were interviewed to understand the impact they perceived on their business due to the growth of organised retail in the vicinity of their stores. The results are depicted in annexure from Table 7-14 and from Figures 1-14. The results show that 75% of the customers of unorganised retail stores are regular. Only 27% of the unorganised retailers were aware that their customers had switched over to competitor stores. As per one of the Retailer 'We can't stop customers in this era of competition; customers are unpredictable these days, if they find better options they switch.' The results unveil that 54% of the unorganised retailers perceived an increase in their sales over a period of time. As per one of the retailer 'There has been an increase in customer footfall and sales because of our goodwill in meeting customer commitments.' For only 18% of the retailers interviewed the sales had decreased, while 28% assert that their sales have remained the same over a period of time. Of the 18% of the unorganised retailers which claimed that their sales had decreased, 81% perceive the decline in sales to be minor; while only 19% perceive a major decline in their sales over a period of time. One of the retailer stated 'as customers shift to organised stores, there are new customers which enter the market, thus the decline in sales is only temporary and they are least affected with the opening of organised retail stores nearby.'

The results show that 45% of the unorganised retailers perceive no change in their margins over a period of time. Only 33% claimed that their margins have declined over a period of time. 97% of the retailers, whose margins had declined, perceived only a minor decline in margins. Another retailer stated, 'In last 3 years, Best Price, Reliance Fresh and Metro have opened their stores so we have to offer more discounts to retain our set of customers.' Results show that 22% of the unorganised retailers claimed that their margins had rather increased. One of the retailer stated the reason for increase in margin was 'Bargaining with suppliers & shifting to own-manufacturing' and 'it depends on the latest and fashionable apparels, that we can sell at higher margins.' One of the retailer alleged that margins can be maintained 'by keeping in touch with the market trends' and 'to follow the competitors and devise our own strategies.' It is observed that retailers especially those who pay rent are struggling to meet their margins.

The survey results show that 29% of the unorganised retailers agreed that some retail stores had closed in the vicinity of their store. The retailers perceived different reasons for store closure, competition being one of them. Only, 20% of the retailers agreed that the retail store in the vicinity of their store were shut down due to increase in the intensity of competition which had an impact on their sales and increased their losses. Some of the reasons provided by unorganised retailers for store closure include increased competition, decreased sales, high rentals, and low profits, shortage of man power & multiplicity of laws. 48% of the unorganised retailers perceive no threat of the organised retail stores; while 37% claimed that they felt threatened with the growth of organised retail stores in the vicinity of their store. 39% of the unorganised retailers felt an impact on their sales and profits with the increase in the number of organised retail stores nearby.

The survey results also show the response of unorganised retailers. 35% of the unorganised retailers had brought changes in their retail store format since they established their operations; while 65% did not bring any changes in their format. On being asked whether they felt the need to bring changes, 70% of the unorganised retailers responded positively, and wished that if given the space and money, they would definitely bring improvement in their business.

It became evident that 58% of the unorganised retailers did not want to comment on the opening of FDI in the Indian retail sector; only 16% retailers completely favored the act of the government to allow 100% FDI while, 26% spoke against FDI in Retail. Also, 96% of unorganised retailers interviewed in Delhi NCR and Chandigarh Tri-city were not involved in any campaign against the organised retailers. As per one of the unorganised retailers 'FDI will decrease our customer base and take away our business'. Another retailer asserted FDI as a '100% threat as customers love convenience so they may prefer malls than their stores.' One of the retailers who supported FDI agreed that 'FDI may not impact our business as we have our different set of customers' and that 'It should have no effect for grocery and daily use items.' Another retailer mentioned 'FDI may toughen the competition and customers will be exposed to huge variety, but we won't be affected much as in India, majority is middle class and they prefer low cost markets like Sarojini Nagar, Delhi.' There were retailers who also mentioned 'according to scenarios, we will keep on changing,' 'Organised and unorganised retail stores will last,' 'It will not impact us,' and 'we believe in the power of God.' Most of the retailers who kept silent on the FDI issue mentioned 'It's a government decision and we have to accept it.'

Conclusion

The study clearly shows that consumers and retailers perceive unorganised retail to have an edge over the organised retail with respect to credit availability, provision of home delivery, faster checkout & shop proximity. This is where the unorganised retailer still has a competitive advantage and is better off than organised retailers. The survey results also show that the impact of growth of organised retail on unorganised retail business is perceived to be quite less. As per one of the unorganised retailer, 'both, organised and unorganised retail will last,' and that 'according to scenarios, we will keep on changing.' The survey results have therefore helped in better understanding the impact and the way unorganised retailers are responding to such an impact by bringing changes in their store format. The findings may be beneficial for policy makers and may be helpful for moulding the perception of the unorganised retailers for the better.

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Annexure

Table 7: Regular Customers of Unorganised Retail Stores

	Frequency	Percent
Yes	151	75
Can't Say	44	22
No	5	3
Total	200	100

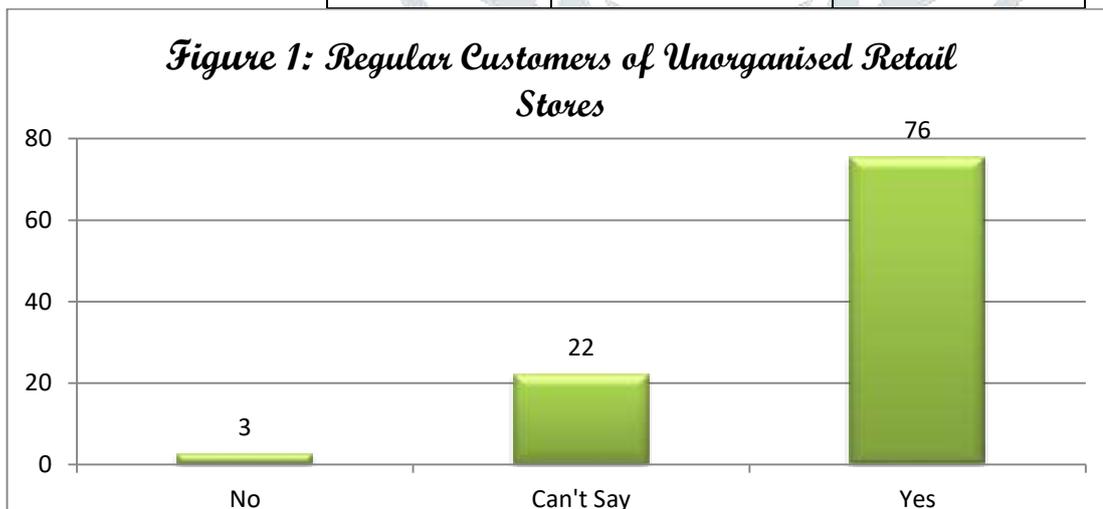


Table 8: Customers Switched to Competitors

	Frequency	Percent
Yes	54	27
Can't Say	114	57
No	32	16
Total	200	100



Table 9: Unorganised Retail Sales and Extent of Decline in Sales over a Period of Time

	Unorganised Retail Sales			Extent of Decline in Sales	
	Frequency	Percent		Frequency	Percent
Increased	108	54	Major decline in sales	7	19
Remained Same	56	28	Minor decline in sales	29	81
Decreased	36	18			
Total	200	100	Total	36	100

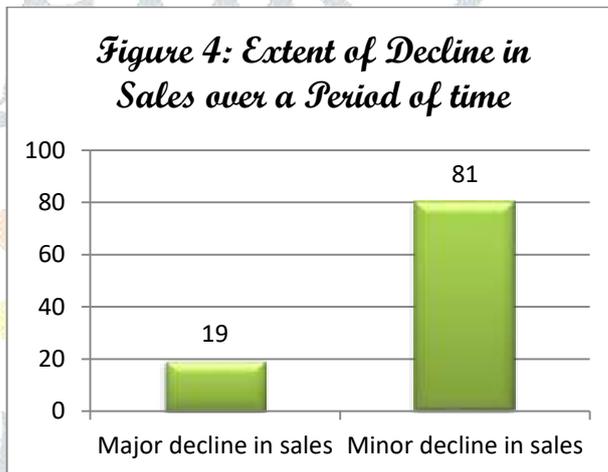
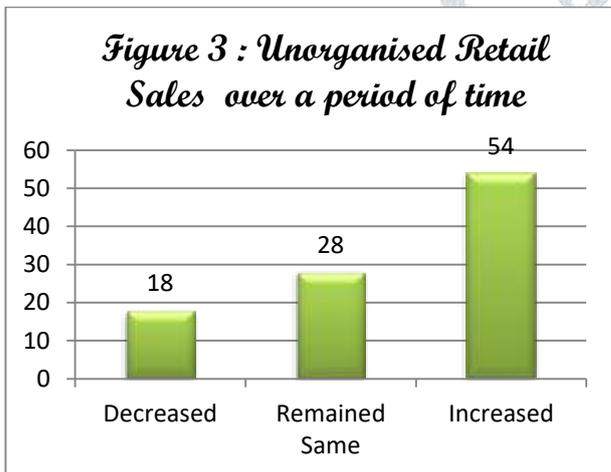


Table 10: Unorganised Retail Margins and Extent of Decline in Margins over a Period of time

	Unorganised Retail Margins			Extent of Decline in Margins	
	Frequency	Percent		Frequency	Percent
Increased	45	22	Major decline in sales	2	3
Remained Same	89	45	Minor decline in sales	64	97
Decreased	66	33			
Total	200	100	Total	66	100

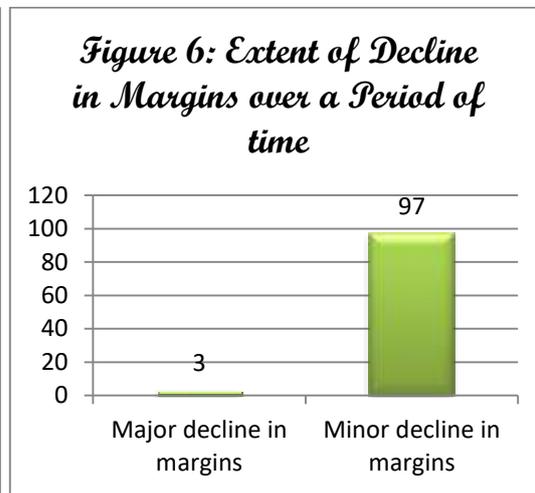
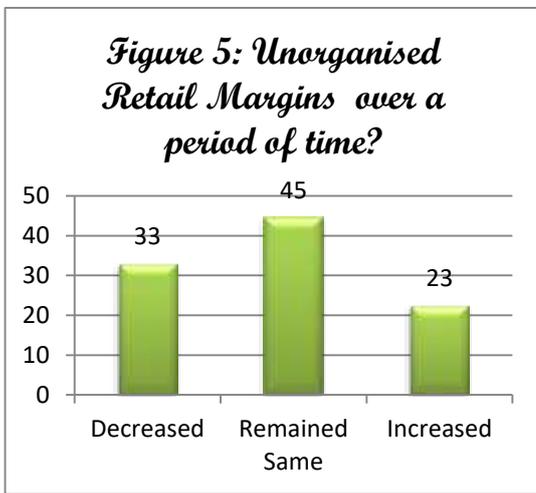


Table 11: Brought changes in Retail Store Format and the Need to Bring Changes in Business

	Brought Changes in Retail Store Format		Need to Bring Changes in Business	
	Frequency	Percent	Frequency	Percent
Yes	71	35	90	70
No	129	65	39	30
Total	200	100	129	100

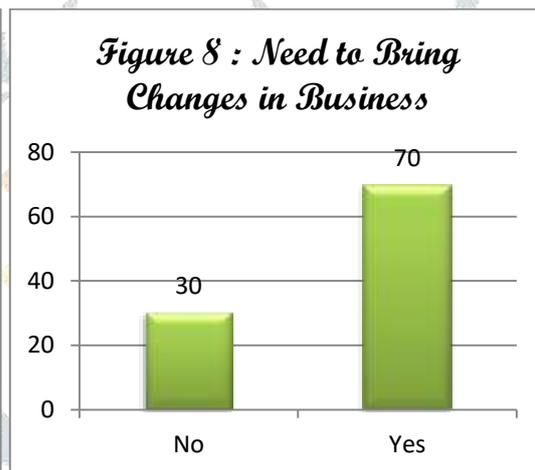
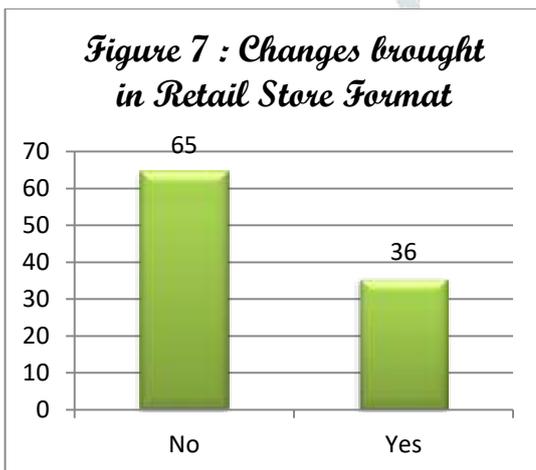


Table 12: Closure of Retail Store in the Vicinity and the Reason for Closure

	Closure of Retail Store in the Vicinity		Closure due to Intense Competition	
	Frequency	Percent	Frequency	Percent
Yes	59	29	41	20
Don't Know	82	41	129	65
No	59	30	30	15
Total	200	100	200	100

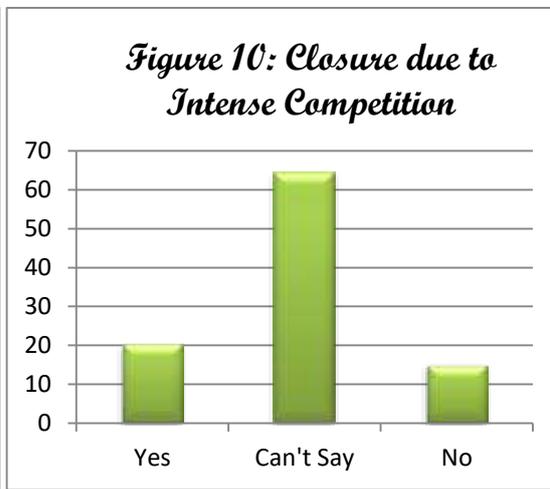


Table 13: Threat of nearby Organised Retail Stores and Impact on Business, due to Increase in Organised Retail Stores

	Threat of nearby Organised Retail Stores		Impact on Business due to Increase in Organised Retail Stores	
	Frequency	Percent	Frequency	Percent
Yes	74	37	78	39.5
Don't Know	30	15	51	25
No	96	48	71	35.5
Total	200	100	200	100



Table 14: Opening up of FDI in the Indian Retail Sector and Involvement in Any Campaign against Organised Retail

	Boost FDI in the Indian Retail Sector		Campaign Against Organised Retail	
	Frequency	Percent	Frequency	Percent
Yes	31	16	8	4
Don't Know	116	58	-	-
No	53	26	192	96
Total	200	100	200	100

Figure 13: Foster FDI in the Indian Retail Sector

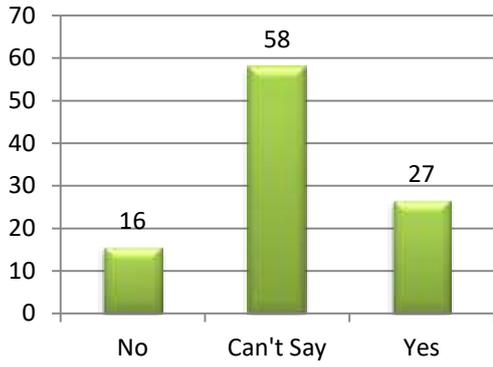


Figure 14: Involvement in Any Campaign against Organised Retail

