

A Study On Problems In Unorganized Retail With Regards To Customer And Retailer Perception

¹B. Menaga Gandhi, ²K.M.Chinnadorai

¹PhD (Part-time) Research Scholar, PSG College of Arts & Science, Coimbatore, TamilNadu, India,

²Principal, Hindusthan College of Arts & Science, Coimbatore, TamilNadu, India.

Abstract - The Indian retail market is one of the fastest growing retail markets in the world. With over 12 million retail outlets, India has one of the highest density of retailers in the world at one retail for every 90 people. The Indian retail market is estimated to be US \$ 600 billion and one of the top five retail markets in the world by economic value. Retailing in India is one of the pillars of its economy and accounts for about 10 per cent of its GDP. India is one of the fastest growing retail markets in the world. The evolution of retail sector in India can be traced to super markets being set up in the neighborhood. Government also encouraged Khadi and Village Industries Commission to set up shops. Some Indian brands which started retail chains in India were Raymond, Titan Bombay Dyeing etc. The rapidly growing retail sector grew as a result of better supply chain management, inventory management, distribution networks, back-end operators etc. unorganized retail refers to traditional low capital retailing viz local grocery shops, small convenience stores, small pavement side vendors owner-manned general stores, chemists, footwear shops, pan and hand-cart, hawkers etc. The concept of retailing is considered only as a contemporary phenomenon. This study shows the problems in unorganized retail products with regards to customer and retailer perception. Today, the retail industry in India is estimated to be over INR 40 Lakh Crores and accounts to 10% of India's GDP. According to rough estimates, the unorganized retail sector constitutes over 90% of the country's retail industry.

Keywords - customer perception, retailer perception

I. UNORGANIZED RETAIL

The unorganized retail market is the most dominant and popular mode of retailing and purchase destination for the majority of India's 1.3 billion population. It forms the base or the foundation stone of the retail industry in India and is a deeply rooted and strongly held market mechanism which has stayed for over a century now and continues to rule the country's retail industry.

The unorganized retail sector primarily comprises of the small scale retail stores, with little or no standardization, selling goods and services (ideally in fragmented quantities) to the local customers within a small geographical area or locality. There is hardly any use of technology or adherence to processes.

II. REVIEW OF LITERATURE

Review of previous studies is essential for every research to carry on investigation successfully. Hence, the present study is also based on the following reviews.

Aggarwal (2014) this study was suggested that Consumer behavior research is the scientific study of the processes consumers use to select, secure, use and dispose of products and services that satisfy their needs. Firms can satisfy those needs only to the extent they understand their customers. The main objective of this paper is to study the demographic differences in consumers' buying behavior of persons living in Madhya Pradesh and when they buy FMCG products.

Hariharan.G. (2008) in his study "profile and perception of retail consumers", analyzed the consumers perception towards retail, in Palakkad. Visiting retail outlets has become a group activity. Most of the shoppers are influenced by as well as accompanied by colleagues, friend and relatives. Majority of the people who visit do not shop at all. The hang around meet friends, do window – shopping and spend time leisurely.

Rathanyake (2008) studied in his research about "customer complaining Behaviour in Retailing", proper understanding of the dynamics of customer complaining behaviour support the retailer to treat the customers who are not satisfied with the retail Experience.

Suresh (2007) studied in his research about "Buying Behaviour and promotion in Textile Retailing and concluded that increase in turnover should be achieved by reducing the margin in this competitive era to survive in the long run. Keep updates about the price fluctuations and new fashions in the supplier market. Always be in a receptive mood to know the preference and taste of customers"

Tamilarasan.R. (2007) in his study focused to "A study on Retail store service Quality Dimensions in select Retail stores". This study after an in depth analysis of a variety of store dimensions and services quality dimensions reveals that all these dimensions have to be improved to earn a competitive edge and survive in the retail Business in view of the changing and emerging retail scenario, in India with the possible advent of the MNC's in the retail Indian Market Scenario.

Thirumoorthi.P. (2006) studied in his research about "A study on retailers and customer attitude towards P & G Detergent Powder". It can be concluded that the company must concentrate more on high margin to create a better performance. Importance must be given to sales promotion. The retailers must also be asked to give more displays and discounts. Thus it can be concluded that the customer and retailer attitude towards the P & G detergent powder is positive.

III.OBJECTIVES OF THE STUDY

The specific objectives of the study are as follows.

- To ascertain the problems of retailers
- To evaluate the causes of problems in retail business
- To identify the satisfaction level of customers towards retailing services
- To analyze the problems faced by the customers in retail marketing

IV.STATEMENT OF THE PROBLEM

In this competitive world, we can see many problems in marketing of any product or service. Some problems can be solved, but so many problems may not be solved. India is a developing country and retail marketing is an important one to develop a country's economy. Retailers, who are the connecting, link between the producer and consumer, face many problems to market their products from various and many causes behind this. At present the customers are also more dynamic. The customers have certain expectations:

From the items they purchase such as its quality, price, and good services etc. Hence, there is a need for a research work in the field of problems of retail marketing in the point of view of retailers and customers as well.

CUSTOMER

A term used by business to describe a person or entity who has purchased goods or services, or who is expected to do so in the future. It is the customer around which most businesses structure their model and mission to generate loyalty and goodwill that will produce ongoing relationships and referrals which are the key to profits.

Customer perception plays a vital role in a company's ability to attract new customers and to retain existing customers. The good news is that companies have the ability to control many of the factors that build an individual's perception of the company/brand.

CUSTOMER PERCEPTION

The formal definition of customer perception is, "A marketing concept that encompasses a customer's impression, awareness and/or consciousness about a company or its offerings."

To put it simply, customer perception is what your customers and potential customers think of your organization. This perception directly impacts the attraction of new customers and the capacity to maintain good relationships with current customers.

Why is customer perception important?

In today's digital age, virtually everything is a Google search away. This makes your goods and services easier to find, but the tradeoff is that your competition is easier to find as well. That means it's easier for unhappy or unsatisfied customers to leave.

Consumers want good quality, but they also want to know they are getting good value. That value isn't just judged by the product or service they are purchasing, but by the availability and usability of the customer service that supports it.

It's just not enough anymore to have brand recognition; consumers want to feel good about a brand and company. They want to do business with civic-minded corporations with positive world views.

Importance of Consumer Perception by Gregory Hamel; Updated September 26, 2017

The success of a business depends upon its ability to attract and retain customers that are willing to purchase goods and services at prices that are profitable to the company. Consumer perception describes how customers and potential customers view a company and its products and services. Consumer perception is important to businesses since it can influence consumer behavior, which ultimately affects the profitability of a business. Many businesses spend large amounts of resources to influence consumer perceptions.

NEGATIVE EFFECTS OF INCREASING MARKET SHARE ON CUSTOMER PERCEPTION

- For premium and luxury products, customers may translate an increasing market share into a loss of exclusivity and thus perceive it as less valuable.
- The quality of services may suffer if they are consumed by increasing numbers of users. Diseconomies of scales and congestions can be observed with busy airports and many other services so that customers may look out for other providers that promise more timely service and convenience.

The concept of customer perception does not only relate to individual customers in consumer markets. It is also valid in business to business situations. For example, a competitor benchmarking survey of a large industrial supplier revealed that the market leader, although recognized for excellent quality and service and known to be highly innovative, was perceived as arrogant in some regions.

If we take into consideration that there are about four other large players with a similar level of quality and innovative ideas, this perceived arrogance could develop into a serious problem. Customers here are well aware the main characteristics of all the offerings available at the market are largely comparable. So they might use the development of a new product generation of their own to switch to a supplier that can serve them not better or worse, but with more responsiveness and understanding.

Companies have done a lot to improve customer satisfaction and customer relationships in the past. As discussed above, this will not be enough anymore.

MEASURING CUSTOMER PERCEPTION

Any serious effort to manage customer perceptions starts with a good measurement system. Companies must be truly willing to look at the whole process of interaction through the customers eyes. For many companies, this requires a more or less extensive shift in mindset, since most departments from development to sales will be involved.

How can you work to create/maintain a positive customer perception?

So now that we've outlined what customer perception is and what influences customer perception, let's discuss how to create and maintain positive customer perception.

Companies have the tools to create a positive experience for their customers and even when unforeseen events create negative impressions, the best organizations rise to the challenge and can often win back an unhappy customer.

It all begins by managing some foundational factors within the company's control.

- **Don't make false promises** – Companies should strive for truth in advertising and truth in general communication. If you say a product does something, make sure it ACTUALLY does it and when someone calls your customer service department and you tell them you can help, make sure they do just that.
- **Listen** – Sounds easy enough but this can be a challenge for some organizations. When customers talk (online, in person, on the phone), listen. When what a client is saying is complaint related, it's easy to stop listening when you think you know the answer but it's important to listen to what customer's expressed need is and then make sure your solution fits the problem.
- **Communicate** – Quickly, clearly and often. Train your agents and representatives to be knowledgeable, compassionate and responsive when communicating with your customers. Ensure they are providing facts not excuses.
- **Use your social channels effectively** – Social media presents unique opportunities and challenges for communication. Many social channels actually track a company's responsiveness to customers and rate them. In addition social media creates an open forum for customers complain. The vocal minority can seemingly hijack your good name, but it is possible to take negative comments and demonstrate positive outcomes. Responding quickly and with knowledge and compassion can not only result in a favorable outcome with the situation at hand but increase positive feelings about your company with the casual observers on the channel. Be proactive when a negative review posts and work to rectify the issue openly when possible.
- **Streamline** – Wherever possible, make the decision making process easier. Are your product/service benefit statements clear? Can existing and potential customers easily see how you stack up against the competition? Make purchasing and customer service easy and don't make customers jump through hoops to get resolution. This just exacerbates the problem. If you can offer solutions that demonstrate you know your customer's time is valuable you make it easy to keep doing business with your company. Offering quick response, centralizing information to prevent the need for re-explaining issues and utilizing call back technology are just some of the ways you can improve the perception of your company.
- **Never get complacent** – It's easy to get comfortable when everything appears to be going well, but push your company to keep measuring your customer's satisfaction and keep training your teams. Both internally and externally, ask questions and learn from situations that have occurred.

Customer perception is about feeling and fact. From the first touch point to last, the entire company is involved in this perception and can contribute to it in a positive way.

Customers not only need to feel good about your brand/company and its service, they need to be treated well and the products and services need to perform as advertised. When problems occur, manage expectations, communicate effectively and work to resolve the issue while ensuring you make the customer feel valued and respected. It will always be easier and more cost effective to create an environment for positive customer perception from the beginning of the customer journey than it is to fix a negative perception.

RETAILER

A retailer is a person or business that sells goods to the Public Inter literally small quantities for use and consumption rather than for resale. Retail is a sale of goods to end users not for resale but for use and consumption by the purchaser. Retail involves the sale of merchandise from a single point of purchase directly to a customer who intends to use that product. The single point of purchase could be brick and mortar retail store, an Internet shopping website, catalogue, even a mobile phone. Manufacturers sell large quantities of product to retailers and retailer time to sell that same quantity of product to consumer. Retail is also known as retailing, retail sales, retail transaction, retail business, retail trade, Retail Industry.

Why Retailing is important?

Wholesalers sell in large bulk quantities, without worrying about many of the aspects of retailing that consumers expect like visual merchandising. Wholesalers do not want to deal with a large number of end-user customers. Rather, their goal is to sell large quantities to a small number of retailing companies. It is rare for a wholesaler to sell goods directly to consumers. The exception to that would be membership warehouse clubs like Costco, Sam's and Bj's wholesale. These members-only retail stores are a hybrid of wholesaling and retailing in that they sell directly to consumers, but they sell in large quantities, which often allow them to sell at prices that are lower than other retailers that sell in small quantities from impeccably merchandised stores in high-rent shopping districts. The big difference between wholesale and retail is in the price. The retail price is always more than the wholesale price. The reason for this is because the added cost of selling merchandise to end-user customers - labor, rent, advertising, etc is factored into the pricing of the merchandise. The wholesaler doesn't have to deal with such expenses, which allows him to sell goods at a lower cost. Retailers are the key persons who can increase sales of the product of a particular brand. Every brand should make good working relationships with retailers by providing them prompt service visit, freebies, discount offers which retailers can also gives to consumers. Retailers can help to boost sales if company chooses the retailer which has certain qualities.

Building Rapport. Exceptional shopping experiences begin with exceptional employee skills. Your staff needs to know how to engage people from all walks of life in a genuine manner. That means getting out from behind the counter because they want to, not because you have to tell them. Those employees must be able to listen to why the customer walked through your doors today, identify their motivators to buy, and link all of your products in a way that encourages them to buy. When they build rapport and connect with their customers, it will keep customers from browsing for better deals on their smart phones while standing in your store. It will also lay the groundwork for a true relationship where each looks forward to seeing the other again. That also makes it

easier for the salesperson to suggest add-ons because they are seen as a human being, a trusted adviser rather than a nameless clerk.

Value Selling. Value selling is the foundation of increasing retail sales. It's easy to mark down items or steer customers toward the cheapest option. Heck, that's 90% of retail help these days. However, markdowns are bad for profit, and the cheapest option is rarely the best option for the customer. With the proper understanding of the premium products they're selling, salespeople can keep the conversation focused on the long-term value those products offer. Once customers understand that there truly are differences in quality from good to better to best, they'll be more understanding of the price differences between those levels. A good tip is to teach them the differences in your most popular SKUs and then have them use the Feel, Felt, Found Method and say, "I used to feel that way too about the price of this item. I felt it was too much. That was until I found out how much (better made, easier to use, quicker, etc.) it was over the others." Having established the value of the product in the customer's mind, it's easier for the salesperson to then segue into a conversation about add-ons.

Add-Ons. Salespeople who have an in-depth knowledge of the products they sell should also have a clear understanding of the items that complement those products. If they work in electronics, they know that even the best 4K television only offers limited sound quality. That can lead directly into a conversation about sound bars or surround-sound systems. They'll know that a beautiful dress is not, by itself, an outfit. That a camera has a lot of accessories to make it truly an artistic device. The customers leave with products that exceed their initial expectations, and the salesperson gains higher per-ticket sales. To do this effectively, your salespeople need to see the full picture when it comes to their product lines, more-so than the product features. For even if they don't know the specifics of an add-on but understand the concept of what it does, they'll be able to create additional value for their customer and not settle for clerking a single item. In this research we will study about what retailer has opinion about different electronic fans. Retailer behavior can be judge on the basis of different factors. Retailer behavior is defined as the behavior that retailer display that what they think about a particular brand, there after Sales Service.

PROBLEMS OF RETAILER PERCEPTION

Limited size of market and scale of operations

The unorganized retail space operates within a small geographical area or locality. The size of the market which it caters to is limited. This restricts the growth of the retail stores and confines them to the small scale. With stagnation, these stores cannot think of incorporating modern management tools and practices, improve their finances and come to the forefront. Also because of high fragmentation in the unorganized retail sector, these stores remain as shadow players in the larger picture.

Lack of standardization, technology and process

The stores which fall under the unorganized retail sector mostly run on conventions, suitability and convenience. Absence of standardization and process in retail, adversely impacts the quality and productivity of the retail management. The habits, practices and customs followed every day in those stores forms the processes and standards to be adhered to. But the size and scale of operations are so limited in these stores that unless they expand, there's hardly any room to introduce standardization, processes or technology in their operations.

Lack of capital

High cost of capital and difficulties in accessing capital funding has significantly deterred the growth and up gradation of retail businesses, especially in the rural and remote areas.

Most of the unorganized retail market in India comprises of the Kirana stores, the general stores, the corner stores etc. These stores entail low investment and less expertise and do not require any sophisticated infrastructure and merchandising. The low capital requirement eases the reliance on external capital which attracts people for small scale retail trading.

If these small scale retail stores are to be upgraded, retailers will have to hire or build better infrastructure, buy the technology and implement processes in its various functions like supply chain, vendor management, accounts and billing, merchandising etc., for which they are going to need sufficient capital and access to credit from financial institutions.

Unwillingness to take business risks

Are the retailers in the unorganized retail space willing to take the risk of business advancement and expansion? Most of them often tend to play safe. But then this decision is also affected by other factors like the availability of capital and manpower, profits or surpluses, knowledge and training and so on. And if these retailers do not take the business risks, there is no way their businesses can grow and when the businesses do not aim to grow it cannot create a brand, bring in modern practices and technologies, access newer markets, and establish itself as a competent player in the organized retail sector.

Lack of knowledge and training

Lack of adequate knowledge and training in retail management continues to confine the vision and business acumen of retailers in the unorganized space. Without the knowledge, awareness and training, these retailers remain oblivious to the avenues and opportunities available to them which they could use in the advancement of their retail stores.

Deeply rooted and status quo

The unorganized retail market mechanism is deeply rooted and has been in existence ever since retail trading started in India. The retail stores and the distribution network involved in the unorganized retail space provide employment and livelihood to lakhs of stakeholders engaged in it. More than profitability, it offers a source of livelihood for the small scale retailers, store helpers and their families.

The numbers may be fragmented but collectively, across the country, a substantial amount of capital stands invested in these stores, in the distribution network and in inventory.

Lack of retail inclusiveness

Just like financial inclusiveness, there is a need to bring all retail stores under one umbrella. In the absence of retail inclusiveness, it is difficult to gather data on the functioning and operations of the small scale retail stores in the unorganized space to assess the practical difficulties and problems faced by the retailers. Under a common retail inclusion program, retail development training and financial and advisory assistance could be provided to the retailers.

The factors cited above do not act in isolation but overlaps one another in explaining why the majority of the retail sector in India is tilted towards the unorganized side. The unorganized retail market mechanism was not created overnight. It has evolved over decades of market-determined adjustments and corrections to stand where it is today. But if the productivity of the retail industry is to be improved, there is a need to uplift the unorganized retail sector by infusing more capital, modern retail management tools and practices, processes, technology and training.

V. CONCLUSION

The retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services. The Indian Retail Industry is the largest among all the industries, accounting for over 10 percent 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. The study helps to know the important factors responsible for the changes in buying pattern. This change has come in the consumer due to increased income, change in life styles and patterns of demography which are favorable. From the study it was found that when compared to the unorganized retail format most of the respondent had a good image about the unorganized retailers and in future many of them are ready prefer organized retailers. Most of the customers are attracted to unorganized retail stores because of the variety and assortment of products. Middle aged people and youngsters are mostly approaches unorganized retailers in future. They retailers should makes strategies to retain their customers by providing quality goods and services and they should also go for collaborations within the regional level then only they can survive in the globally competitive market.

VI. REFERENCES

Books Reference

- [1] Bitta J Della Albert & Loudo David: Consumer behavior: 4th edition, TMH publications. (2002).
- [2] East Robert Wright Marc: Consumer Behavior Applications in Marketing Sage South Asia publications. (2009).
- [3] (2009).
- [4] Hawkins (2009). Consumer behavior building marketing strategy 11th Edition, TMH Publication.
- [5] Jain P C & Bhatt Monika: Consumer Behavior in Indian Perspective, S Chand publication New Delhi.(2010)
- [6] Kanuk Leslie & Schiffman Leon: Consumer Behavior: 10th edition, PHI. (2007).
- [7] Kumar, Consumer Behaviour and Branding: concepts readings, and cases, Pearsons publications
- [8] .Adil Zia, Khalid Mohammad Azam Unorganized Retail Shopping Experience in India:An Empirical Investigation, Pacific Business Review International, Volume 5 Issue 7 (January 2013)
- [9] Ali, J., Kapoor, S., & Moorthy, J. 2010, Buying behavior of consumers for food products in an emerging economy. British Food Journal, 112(2), pp 109-124.
- [10] Arun Kumar Singh and P.K. Agarwal ,Study on Shifting Consumer Preferences from Un Organized Retailing Vis-A Vis to Organized Retailing in Noida,Bookman International Journal of Accounts, Economics & Business Management, Vol. 1 No. 2, October-November-December 2012, ISSN No. 2319-426X
- [11] Ghosh, H. S. and Srivastava, K. B. L. Impact of service quality on customer satisfaction, loyalty, and commitment in the Indian banking sector. The Indian journal of marketing, 40(5), 23-35. (2010).
- [12] Goswami, Paromita and Mishra S. Mridula (2009), "Would Indian consumers move fromGupta Himanshu, Dubey Neetu and Patani Pawan,Effect of Organized retail on Unorganized retail in Indian retail market, Research Journal of Management Sciences, Vol. 1(1), 7-13, August (2012)