Strategies of Unorganized Retail Stores- A Case Study in Gwalior

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Abstract: Retailing is very motivating as well as profitable if the retail store is able to attract maximum number of customers for its products. The retailers use all kinds of available strategies to Retailers pursue different kinds of strategies to attract customers towards their outlets. However, only some retailers can be successful in having a strong pull for its customers. The present paper aims at identifying the factors responsible in contributing to the better performance of some FMCG stores, especially the unorganized FMCG stores. The variables chosen for the study are the outcome of an initial pilot study, where the customers were asked open-ended questions to gather reasons for their patronage towards the retail stores. These variables have been subjected to factor analysis and the resultant factors have been termed as the strategies adopted by the successful FMCG retail stores. Gwalior city is selected to carry this study.
Keywords: Unorganized retailing, Retail stores, Strategy, Customers, FMCG.

INTRODUCTION

Retail industry is largest in India with an employment of around 8% and contributing to over 10% of country's GDP. The retail industry can be divided into two types i.e. .organized and un organized sectors. Organized sector retailing refers to trading activities undertaken by licensed agreement. Unorganized retailing on the other hand, refers to the traditional format of low cost retailing. For example local kirana shop, owner operated general stores. The retailers use all kinds of available strategies to increase the footfall of the customers. Still, only some retailers can be successful in having a strong pull for its customers. These retailers can never show a sign of breakdown even in weak economic and strong competitive environments. This is common phenomenon among all kinds of retailers. There are certain retail stores that are successful in attracting customers better than other retail stores operating in the same kind of business. Sometimes, in the same locality, it is observed that retail store is very popular and always seem to be crowded with customers while others stores are not so. Such a tendency is common among all kinds of shops/outlets like grocery shops (kirana stores), pharmacy stores, restaurants, laundry service etc. In spite of reasonable level of competition among the similar types of stores, some stores are successful in attracting more customers as compared to others. These stores get maximum customer footfalls, FMCG sector is the major sector in retail area these fast moving consumer goods is so demandable among customers so

FMCG stores use various attractive strategies to attract customers.

REVIEW OF LITERATURE

Hansen and Deutscher [1] used a base of 485 consumers in Ohio and examined the relative importance of the various aspects of retail image to different consumer segments. They made comparison of different attributes across departmental and grocery stores to indicate congruence and concluded that the same attributes are important across different types of stores.

H. Oppewal and H. Timmermans [2] indicated the importance of self-perceived image and competitive positioning for the retailers. The research was conducted on 183 retailers in a European town. The research findings indicate that on average retailers consider Service as the dimension on which they differentiate themselves from the competitors. Price and Promotion are the factors having least impact on perceived image of the stores. They further suggested six dimensions to underlie retailer's self-perceived store image. Those are Price, Location, Interior, Selection, Service, and Product Quality.

Leung and Oppewal [3] had conducted research on the roles of store and brand names in consumers' choice of a retail outlet and concluded that a high-quality brand or high-quality store is sufficient to attract the customer to a retail store. The study also

revealed that store names have a larger impact on store choice than the brand names of the products that these stores have on offer.

Kaul S cited in [4] made a study on which store attributes are appealing for self-image of consumers and their impact on in store satisfaction and patronage intentions. She concluded that service expressiveness value is distinct from the performance value obtained from service delivery. Consumers satisfied with service quality are most likely to become and remain loyal. She further observed that a store having modern equipment, good and clean physical facilities and ease in transactions would be able to yield satisfaction and patronage intentions.

OBJECTIVE OF STUDY
1. To find out strategies adopted by Unorganized retail stores to attract their customers.
2. To find out the factors responsible for increasing the sales of retail stores.

RESEARCH METHODOLOGY
Sampling Method:
Convenience sampling method was used to collect data.

Sample Population:

For the present study, 20 FMCG stores were identified across Gwalior. These stores were identified based on observation of researcher. Initially, a pilot study was conducted by interviewing 40 customers of the Retail stores. The customers were asked open-ended questions covering the reasons for patronizing the FMCG stores. Later, based on these responses, closed ended questionnaire was designed containing 16 variables, taken from the pilot study. Then, these questionnaires were administered to customers of these retail stores taken for the study.

Sample Size:
The sample size taken for the study was 200, considering 10 respondents for each store.

Tools for Data Analysis:
SPSS 20 versions are used for data analysis. Reliability and factor analysis is used to analyze the data.

ANALYSIS AND FINDINGS
The table 1 gives the profile of respondents taken for the study. 51% of the respondents were male and 49% were female respondents. Around 61% of the respondents belong to the age group between 20 years to 40 years.

Table No.1

	Description	Frequency	Percentage
Gender	Male	102	51
	Female	98	49
	Total	200	100
Age Group	Less than 20 years	40	20
	20-30 years	70	35
	30-40 years	52	26
	More than 40 years	38	19
	Total	200	100
Monthly Income	Less than Rs, 10,000	20	10
	Rs.10000-30,000	62	31
	Rs.30,000-50,000	68	34
	More than Rs.50,000	50	25
	Total	200	100

Table=2

Reliability Statistics	
Cronbach's Alpha	N of Items
.783	16

Reliability test was conducted on all the 16 variables considered for the study. The Cronbach's Alpha was found to be 0.783, indicating that the variables taken for the study, are reliable. Validity of the variables was tested by conducting bivariate correlation analysis among the variables. The Coefficients of correlation for all combinations were more than 0.5 indicating that the variables were suitable for the Study.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.683
Bartlett's Test of Sphericity	Approx Chi-Square	287.241
	df	120
	Sig.	.000

The Bartlett test of Sphericity was significant at 120 degrees of freedom ($\chi 2 = 287.241$, $p < 0.01$), which also showed the presence of significant correlations among variables. This statistic tests the hypothesis whether the population correlation matrix is an identity matrix. A value less than 0.05 indicate that the data in hand do not produce an identity matrix. This means that there exists a significant relationship among the variables, taken for the factor analysis. Another index of the appropriateness of Factor Analysis is the Kaiser- Meyer-Olkin (KMO) measure of sample adequacy, which measures whether the distribution of values is adequate for conducting factor analysis.

Factor Analysis:

The exploratory factor analysis is used in order to identify the successful retail strategies of FMCG stores. Principal Components Analysis is employed for extracting factors or dimensions. Orthogonal rotation with Varimax is applied. The Latent root criterion is used for extraction of factors. As per it, only the factors having latent roots or Eigen values greater than one are considered significant.

Rotated Component Matrix

Statements	F1	F2	F3	F4	F5	F6	F7
6.Store location	0.676						
10.personally	0.689						
14.Advice	0.615						
11.Needs		0.837					
2.wide variety		0.656					
5.Deep merchandise		0.565					
1.Good quality			0.886				
3.Replacement			0.721				
13.Stock carry			0.589				
16.Store atmosphere				0.775			
4.Clean				0.687			
12.Faster billing					0.823		
7.Payment system						0.789	
9.Credit facility						0.646	
Total	1.750	1.732	2.132	1.562	1.578	1.545	1.163
% of variance	10.934	10.826	10.606	9.763	9.409	9.403	7.271
Cumulative	10.934	21.670	32.367	42.129	51.539	60.941	68.213

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SL NO.	Factors	Statements	Loading	Cronbach's Alpha
1.	Store location	6. Store location is very convenient. 10. Shopkeepers know me personally. 14. Shopkeeper provides advice.	0.676 0.689 0.615	0.777
2.	Clarity in customer needs	11. The shopkeeper knows my needs. 2. Wide variety of merchandise 5. The store carries deep assortment of merchandise.	0.837 0.656 0.565	0.678
3.	Quality products	1.Good quality 3.Replacement 13.Stock carry	0.886 0.721 0.589	0.673
4.	Store atmosphere	16.Store atmosphere 4.Clean	0.775 0.687	0.567
5.	Attractive discount	12.Faster billing	0.823	
6.	Easy payment	7.Payment system 9.Credit facility	0.789 0.646	0.606

CONCLUSION

This research revealed that sore location, Customer needs, Quality of products, Easy payment activities and attractive discount schemes play a major for attracting customers towards retail store. To increase the sales of any retail stores and to attract more and more customers the retailers should plan their management activities in the light of above strategies. This study also helps the researchers to understand the customer's perception towards unorganized retail stores.

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