



“Impact of shopping malls on the unorganized retail sector”

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Abstract:-

The phenomenon of change in retail trade is driven by the reality of the cities in the Nagpur, many of which have witnessed a change in the function of retail trade and seen new components added to it, e.g. the emergence of giant hypermarkets. Since their appearance, at the beginning of the third millennium, shopping centres are a symbol of globalization and modernization. They have dramatically changed not only the traditional Nagpur retailing structure, but also consumption behaviour. The main objective of this paper is to analyze the relationship between transnational shopping centres, on the one hand, and traditional retail trade, on the other. The competition between the traditional markets and shopping malls is the focus of this contribution.

Introduction

Indian economy is dominated by agriculture sector on employment front with retail sector enjoying the second place. This is in fact the largest private industry in India and poised to witness a major shift on account of the opening of the retail industry to multi-brand foreign direct investment (FDI). Retail sector in India is anticipated to grow around 25-30% annually. The contribution of retail industry to GDP of India was between 8-10 per cent in 2007, and reached the figure of 22 per cent by 2010. The recent decision by Government of India to allow 100 per cent FDI in multi-brand retail has generated a lot of interest amongst all the stake holders on the likely impact of this decision. Albeit, the Govt. of India has been relentlessly advocating FDI in multi-brand retail primarily because of its impact on bolstering the farmers' incomes, both upstream and downstream infrastructure development, and remunerative prices for farmers, tame inflation and sophisticated technical and managerial skill transfer



Literature Review

The review of literature shows that the emergence of shopping malls has severely influenced operations of small shopkeepers and other unorganised business outlets. The sales figures and operating profits have been shown to be badly experiencing a receding behaviour. A study on the “impact of malls on small shops and hawkers in Mumbai” (Kalhan, 2007) unambiguously indicated that there has been a severe impact of malls on the unorganised retail shops operating in the vicinity of malls. The study further stated that Mega Malls are making deep inroads in the sales of retailers operating in the unorganised retail sector.

Objectives of the Study

The study was conducted with the following research objectives:

- To identify and outline the socio-economic profile of the selected unorganized retailers.
- To identify the impact of shopping malls on the sales and profits of the sample retailers.

Research Methodology

The research design is descriptive and exploratory in nature. The former research design is characterized by that it describes the problem as it exists and the researcher has no control over the variables. The exploratory research design helps in getting a deeper insight into the problem. The sample size refers to the number of items to be selected from the universe to constitute the sample. A size of 200 small retailers was identified and selected for the study based on various attributes like shop size, type of goods and their shops being located in the defined zone of 200-400 meters of distance from the shopping mall. The data collection was done with the help of a questionnaire crafted and administered with the purpose of eliciting the needed data for achieving the research objectives of the present study. The zone was created based on the proximity to the organized retail outlet with the purpose of identifying the severity of the impact on local shops. The data collection was done by conducting various on-site visits to the respondents.



Attributes/category	No of Respondents	Percentage of Respondents
a) Age		
Up to 25 years	20	20
26-35 years	100	50
36-45 years	60	30
Above 45 years	20	10
b) Gender		
Male	198	99
Female	2	1
c) Education Status		
Primary	70	35
Secondary	90	45
Graduation	30	15
Post-graduation	10	5

Findings of the Study

- The male population dominates the unorganised retail industry in at least in the Srinagar area and the figure is 99% • Around 80% of the respondents hold primary and secondary qualification.
- The respondents in the age group of 25-45 dominate unorganised retail and this group constitutes around 90% of the sample size. This again shows that the male adults primarily rule the roost.



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- The study also revealed that the Mall don't have any adverse impact on the sales and profitability of the respondent shopkeepers.
 - There is also negligible adverse impact on the customer patronage of the unorganised retail outlets on account of the Malls.
 - An overwhelming majority of the respondents observe that the entry of malls and permitting FDI in retail segment is not going to adversely impact the small unorganized retail industry in Srinagar city

Conclusion and Suggestions

The study is a unique in that it has revealed some astonishing facts. The analysis of sample shops revealed that the malls and opening up of retail sector is not going to impact unorganized retail in a bad way. In contrast to the common belief ,that Malls have an adverse impact on the unorganized retail segment , the study found quite an encouraging support for opening of the retail segment in at least in Srinagar city. This can be observed from the increasing sales, profits and customer base of unorganized small shopkeepers which fall in the vicinity of organized retail formats like Malls. The present study is just a humble attempt to unravel the mystery behind the impact of organized retail formats like supermarkets, malls etc. on the small shopkeepers.

Reference

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