

# PROBLEMS AND PROSPECTS OF ORGANIZED TEXTILE RETAILERS IN ERODE DISTRICT

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#### Abstract

The retail scenario is one of the fastest growing industries in India over the last couple of years. India retail sector comprises of organized retail and unorganized retail sector. Traditionally the retail market in India was largely unorganized; however with changing retailer preferences, organized retailers are gradually becoming popular. In this research, the researcher mainly focused on problems and prospects of organized textile retailers in Erode district. For this, 100 retailers were selected by using convenience sampling technique in Erode district. For examining the problems of the retailers, weighted average ranking method has employed. The result found that majority of the retailers faced more problems from employee.

### Keywords: Organized Textile, Problems, Prospects, Retailer

#### Introduction

Retailing is the activity of selling goods and services to a final consumer for his own use. It is concerned with getting goods in their finished state into the heads of customers who are prepared to pay for the pleasure of eating, wearing or experiencing particular products items. Retailing is all about distribution of goods and services. Retailers form the link between the manufacturers, wholesalers, agents and the customers. They are the persons who keep in touch with the customers and get an opportunity to understand their needs and preferences.

The retail sector in India is witnessing unparalleled growth. Unmatched demographics, rising income levels, shifting lifestyles and changing aspirations of the burgeoning middleclass has unleashed a retail revolution in the country. Fresh retail geographies are emerging, innovative formats are being introduced and retailers are tapping new customer segments with prolific product offerings.

### **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 dimensions 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, good services etc. Hence, there is a need for a research work in the field of problems of textile retail marketing in the point of view of retailers and customers as well.

# **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.

Roopam Chandra, (2017) focused in the study on the socio-economic perspective of non stored based retailing formats in India. Also, this research intended to enable the current players to establish a better foothold to beat the increasing competition. In this research, some of the key concepts and frameworks for the differentiation of retail format in India had been summarized. This study covered the non store based retailing formats operational in India and highlighted their advantages, role as a prospective employer and a potential channel of distribution. Non-store retailing was the selling of goods and services outside the confines of a retail facility. It was found that store based retailing and Non-store based retailing were major classification of organized formats in India. Door to door sales, TV Shopping, vending machine, electronic retailing and direct marketing comes under the non store based retail formats. Non store based form of retailing was beneficial for the economy as well as the society. Shweta Tyagi, et al., (2017) analysed in their research that the difference factors on retail sector of India and Australia. The objectives were to make people aware about the self-service checkouts technology, its usage and pros and cons, to know about the effects of this technology on the customers and employees, to study regarding Indian market in terms of acceptance of new technology and increasing demand for the retail stores. The descriptive research method was used in collecting the data from secondary sources and previous studies. The information was compared regarding the implementation and use of self-service checkouts from different sources of data.



They detailed about the trends in Indian retail industry, forces governing Indian retailing, problems faced by Indian retailers. It was concluded that the retail sector within the destiny would require extra exceptionally professional group of workers along with employees with properly IT abilities who had knowledge of website interface technology to guide the flow into on line retailing.

Sivaji Ganesh and Chalam, (2017) made an attempt to examine the effect of Organized Food and Grocery retailing on the store operations of Traditional retail (Kirana) stores. The study was done in twin cities of CRDA region, Guntur and Vijayawada only. The study considered the opinions of traditional retailers engaged in Food & Grocery business. The sample of 100 respondents each from Guntur and Vijayawada were selected by convenience sampling method. The suitability of strategic options for Traditional Retail (Kirana) Stores to compete with Organized Retail Store was identical in both cities. The study period was conducted from February to May 2017. Percentage analysis, Chi-square test and the rank correlation was evaluated. From the study, it was concluded that the traditional retail (Kirana) store operations like store sales, store profits and customers visit were decreased in both the cities due to organized retail stores. Moreover, the employee strength of the stores remained same in most of the cases. Vetrivel, (2017) aim of this study was analyzing financial problems of unorganized retail sector in India.

This study was conducted in Chennai city, Tamilnadu. The sample size of 528 retailers was selected for the analysis. Descriptive statistics, Friedman's multiple comparison test and Multiple regression analysis were used to depict the sample, to show that which were the reports those extremely influenced and measure the linear association between the dependent and independent variable. The results concluded that the unorganised retail sector was likely to show significant result on monetary based evils. It was identified that financial problems significantly influence on unorganised retailers. Problems of terrible debts, difficulties in getting government subsidies / concessions had negative crash on unorganised retailers of retail business and mass of the retailers were facing the problem of partial financial resources. Insufficient working capital and insufficient fixed assets had positive impact the unorganised retailers. It was observed that majority of the retailers were anguish from the trouble of bad debts.

#### **Objectives of the Study**

The specific objectives of the study are as follows.

- 1. To ascertain the problems of retailers.
- 2. To evaluate the causes of problems in retail business.

#### Research Methodology

The present study intends to examine the issues framed in the objectives relating to the problems in Retail Marketing. The study is an empirical research based on survey method and the data collected for the study includes only primary data. The primary data have been collected through the survey method by direct personal interview with the sample respondents. The required primary data for the present study were collected from 100 sample respondents by using interview schedule method. For the present study, among various retail markets available in Erode district, organized textile retail markets have been selected by considering their market share.

### **Sampling Design**

The sample size of the study is taken as 100 retailers. A sample obtained from retailers and a sample obtained from organized textile retailers. Convenience sampling method is employed for retailers.

### Frame Work and Tools Used for Analysis

Data collected through interview schedule were presented in a master table and required sub tables were prepared. Weighted average ranking analysis is used for this study. Statistical package 22.0 was employed to work out certain calculations.

Area and Period of the Study: The area of the study is confined to Erode district. The data was collected through the questionnaire.

# **Problems Faced by the Retailers**

In the present study an attempt is made to analyse the problems faced by the retailers by using weighted ranking method and the problems are categorized into four viz. problems from employees, problems from customers, problems from dealers and problems in terms of finance.

**Problems from Employees- Weighted Ranking Analysis:** Here, an attempt is made to analyse the problems of retailers from employees by using weighted ranking analysis.

Table 1: Problems from Employees (Weighted Ranking Analysis)

| S.No. | Reasons                              | Weighted Score | Rank |
|-------|--------------------------------------|----------------|------|
| 1     | Untrained employees                  | 2761           | II   |
| 2     | Laziness of the employees            | 2582           | III  |
| 3     | Lack of reliability                  | 2848           | I    |
| 4     | Irresponsible approach with customer | 2457           | IV   |
| 5     | Poor co-operation with co-workers    | 2379           | V    |

**Source: Primary Data** 

It is clear from the Table that lack of reliability is ranked as the first and foremost problem faced by the retailers in the study area as its score is higher than others followed by untrained employees and laziness of the employees.

### **Problems From Customers - Weighted Ranking Analysis**

Here, an attempt is made to analyse the problems of retailers from customers by using weighted ranking analysis.

Table 2: Problems from the Customers- Weighted Ranking Analysis

| S.No | Reasons                     | Weighted Score | Rank |
|------|-----------------------------|----------------|------|
| 1    | Over bargaining             | 2887           | III  |
| 2    | Expecting discount & offers | 2965           | II   |
| 3    | Seeking credit facility     | 2853           | IV   |
| 4    | Bad debts                   | 3424           | I    |
| 5    | Hard in approach            | 3467           | VI   |
| 6    | Misbehavior                 | 3536           | V    |

**Source: Primary Data** 

It can be concluded from Table that among the various problems of retailers Bad debts is the main problem faced by them from customers followed by more expectation of discount and offers and over bargaining.

**Problems From Dealers - Weighted Ranking Analysis**: Here, an attempt is made to analyse the problems of retailers from dealers by using weighted ranking analysis.

Table 3: Problems from the Dealers- Weighted Ranking Analysis

| S.No | Reasons   | Weighted Score | Rank |
|------|---|----------------|------|
| 1    | Price variation                                 | 3951           | I    |
| 2    | Delay in delivery                               | 3302           | V    |
| 3    | Poor market information                         | 3224           | VII  |
| 4    | Irregular motivation in terms of award and gift | 2577           | VIII |
| 5    | Poor credit facility                            | 3476           | III  |
| 6    | Low profit margin                               | 3734           | II   |
| 7    | Supply of out dated products                    | 3263           | VI   |
| 8    | Poor delivery                                   | 3397           | IV   |

Source: Primary Data

It can be elucidated from the above Table that price variation is the main problem faced by the retailers from dealers. Low profit margin and poor credit facility are considered as other major problems of retailers from the dealers.

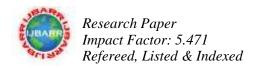
### Problems In Terms of Finance - Weighted Ranking Analysis

Here, an attempt is made to analyse the problems of retailers in terms of finance by using weighted ranking analysis.

Table 4: Problems in terms of Finance-Weighted Ranking Analysis

| S.No | Reasons                                | Weighted | Rank |
|------|--|----------|------|
| 1    | Unavailability of loan / CC from banks | 2432     | V    |
| 2    | Requirement of more working capital    | 2614     | II   |
| 3    | Limited credit period from dealers     | 2546     | III  |
| 4    | Limited financial resources            | 2927     | I    |
| 5    | Poor recovery of accounts receivable   | 2689     | IV   |

Source: Primary Data



It can be concluded from Table that bad debts is the main problem faced by the retailers from the customers. Requirement of more working capital and limited credit period from dealers are identified as other major problems faced by retailers in terms of finance.

#### **Causes of Problems in Retail Business**

Here, an attempt is made to analyse the causes of problems in retail business by using weighted ranking analysis.

Table 5: Causes of Problems in Retail Business - Weighted Ranking Analysis

| S.No | Reasons                        | Weighted Score | Rank |
|------|--------------------------------|----------------|------|
| 1    | Limited financial resources    | 3562           | II   |
| 2    | Lack of experience             | 3833           | I    |
| 3    | Change in Outlook of Customers | 3244           | VII  |
| 4    | Long credit period allowed     | 3486           | VI   |
| 5    | Inconvenient Location          | 3557           | IV   |
| 6    | Lack of customer's awareness   | 3504           | V    |
| 7    | Poor market condition          | 3571           | III  |

**Source: Primary Data** 

Table reveals that among the various causes of problems faced by the retailers lack of experience is the first and foremost cause. Poor market condition and limited financial resources are other major causes for problems of retailers.

### **Findings and Suggestions**

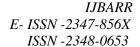
- 1. It is found that majority of the retailers are suffering from the problem of bad debts. Though bad debts are unavoidable in business, it can be minimised. For that it is suggested that the retailers should maintain friendly relationship with their customers, must assess the credit worthiness of their customers before allowing credit and allowing credit sales only to the regular customers. Then only the retailers can escape from this critical problem.
- 2. It is found that majority of the sample respondents are suffering from the problem of limited financial resources. Hence, it is suggested that the government should provide financial facility (short term and medium term loans) to those retailers who are financially weak.
- 3. It is found that majority of the sample respondents ranked poor market condition as their major problem.
- 4. Hence, it is suggested to the retailers could successfully market their products by more careful identification of market segments and providing service superior to that of the competitors. It is found that there is a significant relationship between occupation and problem faced by the customer. Hence it is suggested to the retailer that may try to cater the needs of different occupation group of people by selling the products at reasonable price, ensuring the availability of branded and non-branded products etc.
- 5. It is found that price discrimination by the employees and retailers is considered as major problem to the customers. Hence, it is suggested that the retailers and employees should try to follow some ethics in price fixation and avoid the discrimination in fixing price failure of which would dampen their business growth in a long run.

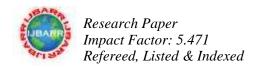
# Conclusion

The study mainly focused on retailers' problems and prospects in particularly textile industry in Erode district of Tamilnadu. From the study, majority of the retailers faced lack of reliability of their employees working performance, bad debts from their customers, price variation from their dealers and limited financial resources available from the financial institutions and other financial sources. For overcome this problems, the selected retailers should give proper trainings to their employees, promote the cash and carry business and avoid the credit business.

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