



PROSPERITY OF RETAIL BUSINESS IN VIRUDHUNAGAR

¹Prof. Gurusamy, M. and ²Dr. Anbalagan, M.

¹Head and Associate Prof. in Commerce, Sri Kaliswari College, Sivakasi

²Associate Professor in Commerce, Kalasalingam University, Krishnankoil

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ABSTRACT

Retailing is the most prominent element of marketing where the marketer meets the ultimate consumer who exchanges value for the product and thus, sanctions the very existence of business. Scope of the study had analyzed the technological problems of retail business in Virudhunagar District.

Key Words:

Opinion Regarding

Retail Business

Chance to earn more profit.

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INTRODUCTION

Retailing is a vast and fast industry. Retailers not only contribute to the general economy, but they are also part of the fabric of society itself. It is the final step in the distribution of merchandise – the last link in the supply chain – connection between the bulk producers of commodities and the final consumers. It covers diverse products such as textiles, food and grocery, consumer durables, footwear, books and music, financial services and leisure. In short, a retailer is a person responsible for making available the desired product in desired size at desired times to a customer. The unorganized retail sector basically includes the local Kiranas, hand cart, the vendors on the pavement etc. This sector constitutes about 98 per cent of the total retail trade. Virudhunagar district is full of unorganized retail sector. Hence, the researcher has chosen Virudhunagar district as a research area to the study the prosperity of retail business.

Statement of the problem under study

India is a developing country and retail business is an important one to develop a country's economy.

Retailers, who are the connecting link between the producer and consumer, face many problems from purchasing to selling their products. At present, the customers are also more dynamic. For a retailer, it is very difficult to retain the potential buyer when the consumers are scattered according to their convenience of purchasing. In order to keep possession of their sales volume, the retailer has to face a stiff competition in the retail business. Due to limitation or lack of resources, the owners themselves have to multitask and perform majority of the work related to their business. So the researcher has made a sincere attempt to analyse the prosperity of retail business in Virudhunagar district.

REVIEW OF LITERATURE

Bridson and Hickman (2003) in their article “Loyalty Program Attributes and their influences on Retail Customer Satisfaction” have found that soft attributes are significant predictors of satisfaction with the merchandise, trading format, and customer service and customer communication of the store. It is found out that customer services and customers' communication are better predicted by hard attributes; whereas, merchandise satisfaction is better predicted by soft attributes.

Goswami and Mishra (2007), in their article "Would Indian Consumers move from Kirana Stores to Organised Retailers when shopping for Groceries? in Food and Grocery Retail Sector in India" has found that customer loyalty in grocery stores is positively related to location, cleanliness, quality, offers, helpful, trustworthy salespeople, home shopping, and is negatively related to travel convenience.

They have concluded that promotional strategies is rooted in urban sensitivities and do not touch the hearts and minds of the rural consumers. Subbiah, and Gurusamy, (2011) in their article "Challenges of Traditional Retailing" have explained the profile of unorganised retail sector, the effects of organised sector toward unorganised and the problems faced by Indian unorganised retailers.

Table 1. Opinion Regarding Retail Business

Sl. No.	Opinion Regarding Retail Business	S.A	A	N	D.A	S.D.A	Total Score
1.	Virudhunagar is suitable for retail business	286 (57.20)	127 (25.40)	53 (10.60)	15 (03.00)	19 (03.80)	500 (100)
2.	Chance to earn more profit	78 (15.60)	282 (56.40)	89 (17.80)	40 (08.00)	11 (02.20)	500 (100)
3.	Needs lesser investment	78 (15.60)	147 (29.40)	207 (41.40)	47 (09.40)	21 (04.20)	500 (100)
4.	Low competition in retail business	78 (15.60)	136 (27.20)	110 (22.00)	145 (29.00)	31 (06.20)	500 (100)
5.	Do not require any advanced technology	80 (16.00)	114 (22.80)	134 (26.80)	67 (13.4)	105 (21.00)	500 (100)
6.	Government support for retail business is enough	88 (17.60)	135 (27.00)	126 (25.20)	93 (18.60)	58 (11.60)	500 (100)
7.	Financial assistance from institution is enough	78 (15.60)	134 (26.80)	171 (34.20)	86 (17.20)	31 (06.20)	500 (100)
8.	Availability of sufficient labour force	75 (15.00)	166 (33.20)	122 (24.40)	96 (19.20)	41 (08.20)	500 (100)
9.	Better chance for development	118 (23.60)	110 (22.00)	133 (26.60)	93 (18.60)	46 (09.20)	500 (100)
10.	Less political influences	96 (19.20)	146 (29.20)	128 (25.60)	70 (14.00)	60 (12.00)	500 (100)
11.	Low cost of factors of production	68 (13.60)	143 (28.60)	155 (31.00)	80 (16.00)	54 (10.80)	500 (100)
12.	Lesser or no formalities for registration	71 (14.20)	142 (28.40)	144 (28.80)	107 (21.40)	36 (7.20)	500 (100)
13.	No speculation in retail business	66 (13.20)	133 (26.60)	142 (28.40)	88 (17.60)	71 (14.20)	500 (100)
14.	Sufficient Transport facilities	68 (13.60)	136 (27.20)	119 (23.80)	121 (24.20)	56 (11.20)	500 (100)
15.	Better chance for business expansion	74 (13.80)	118 (23.60)	158 (31.60)	85 (17.00)	65 (13.00)	500 (100)
16.	Higher Quantum of population	84 (16.80)	140 (28.00)	127 (25.40)	99 (19.80)	50 (01.00)	500 (100)
17.	Availability of infrastructure	87 (17.40)	143 (28.60)	118 (23.60)	101 (20.20)	51 (01.02)	500 (100)
18.	No need for any specified knowledge	72 (14.40)	162 (32.40)	131 (26.20)	88 (17.60)	47 (09.40)	500 (100)
19.	Sufficient Natural Resources	89 (17.80)	128 (25.60)	146 (29.20)	92 (18.40)	45 (09.00)	500 (100)
20.	No need for previous experience	79 (15.80)	131 (26.20)	136 (27.20)	103 (20.60)	51 (10.20)	500 (100)
21.	Better Customer Culture	86 (17.20)	144 (28.80)	126 (25.20)	80 (16.00)	64 (12.80)	500 (100)
22.	Strong Consumer Awareness	75 (15.00)	134 (26.80)	121 (24.20)	106 (21.20)	64 (12.80)	500 (100)
23.	Strong Economic Status of the people	70 (14.00)	139 (27.80)	140 (28.00)	102 (20.40)	49 (09.80)	500 (100)
24.	Good Working Culture	67 (13.40)	154 (30.80)	133 (26.60)	99 (19.80)	47 (09.40)	500 (100)
25.	Spend thrift habits of the people	95 (19.00)	135 (27.00)	114 (22.80)	97 (19.40)	59 (11.80)	500 (100)
26.	Good Trading Culture	94 (18.80)	155 (31.00)	118 (23.60)	80 (16.00)	53 (10.60)	500 (100)
27.	Fair Competition	86 (17.20)	120 (24.00)	132 (26.40)	87 (17.40)	75 (15.00)	500 (100)

Source: Primary Data

Kiranas do well on location, but poorly on all cleanliness, offers, quality and helpful trustworthy sales people. Converse is true for organised retailers. Subbiah. and Gurusamy, (2010) in their article "Promotional Strategies of Indian Rural Retailers" have tried to understand the rural retail markets in terms of buyer's behaviour, attitudes, beliefs, and aspirations of people for applying the right promotional strategies to motivate the sales.

They have concluded that it is essential to sustain and protect the retail market which has been in existence traditionally in order to eliminate unemployment problem. Yaseen Khan and Tariq Zafar, (2011) in their article, "A Study of Buying Behavior and Brand Perception of Consumers in Shopping Malls" have made a comparative analysis on the consumer buying behavior and brand perception of consumers regarding shopping malls on M.G. Road and Metropolitan Mall as a base.

Table 2. Results and Interpretation of Factor Analysis

Sl. No.	Variables	Rotated Factor Loadings				
		F1	F2	F3	F4	F5
1	Better chance for business expansion	.622	.080	.073	.125	-.034
2	Higher Quantum of population	.501	.185	.207	-.259	.137
3	Sufficient Transport facilities	.500	-.038	.270	.311	-.265
4	Fair Competition	.037	.606	.257	.036	-.015
5	Sufficient Natural Resources	.042	.602	.046	.248	-.103
6	Good Trading Culture	.250	.592	.226	-.166	.089
7	No need for any specified knowledge	.046	.542	-.219	.047	.189
8	More Spending Habits of the people	.259	.503	-.153	.045	.128
9	Better Customer Culture	.106	.021	.710	.031	.021
10	No speculation in retail business	.180	-.005	.537	.240	-.040
11	Do not require any advanced technology	.070	.020	.200	.664	-.052
12	Low competition in retail business	.085	.032	.126	.613	.015
13	Virudhunagar is suitable for retail business	-.034	-9.740e	-.130	.117	.659
14	Chance to earn more profit	.102	.075	.025	.049	.645
15	Low cost of factors of production	.030	.107	.301	.095	.544
	Percentage of Variance	14.851	8.750	5.433	4.820	4.633
	Eigen Value	4.010	2.362	1.467	1.301	1.250

Table 3. Factor I - Favourable Business Condition

Sl. No.	Variables	Factor Loadings	Eigen Value	Percentage of Variance
1	Better chance for business expansion	0.622	4.010	14.851
2	Higher Quantum of population	0.501		
3	Sufficient Transport facilities	0.500		

Source: Computed data.

Table 4. Factor II - Fair Trade Practices

S. No.	Variables	Factor Loadings	Eigen Value	Percentage of Variance
1	Fair Competition	0.606	2.362	8.750
2	Sufficient Natural Resources	0.602		
3	Good Trading Culture	0.592		
4	No need for any specified knowledge	0.542		
5	Spend thrift habits of the people	0.503		

Source: Computed data.

Table 5. Factor III – Customer Centered

S. No.	Variables	Factor Loadings	Eigen Value	Percentage of Variance
1	Better Customer Culture	0.710	1.467	5.433
2	No speculation in retail business	0.537		

Source: Computed data.

Table 6. Factor IV - Traditional Oriented

S. No.	Variables	Factor Loadings	Eigen Value	Percentage of Variance
1	Do not require any advanced technology	0.664	1.301	4.820
2	Low competition in retail business	0.613		

Source: Computed data.

Table 7. Factor V - Business Feasibilities

S. No.	Variables	Factor Loadings	Eigen Value	Percentage of Variance
1	Virudhunagar is suitable for retail business	0.659	1.251	4.633
2	Chance to earn more profit	0.645		
3	Low cost of factors of production	0.544		

Source: Computed data.

Table 8. Variables with Highest Factor loadings for the factors influencing Retail Business

Factor	Name of newly extracted Dimensions (Factor)	Selected Statement (Variables)	Factor Loadings
F1	Favourable Business Condition	Better chance for business expansion	0.622
F2	Fair Trade Practices	Fair Competition	0.606
F3	Customer Centered	Better Customer Culture	0.710
F4	Traditional Oriented	Do not require any advanced technology	0.664
F5	Business Feasibilities	Virudhunagar is suitable for retail business	0.659

Source: Computed data.

They have concluded that the Metropolitan Mall consumers go for the fun and entertainment. All these previous studies had failed to analyse the prosperity of retailers both in organised and unorganised retail sectors. Hence, there is a need to the prosperity of retailers. This research gap is filled up by the researcher through this study.

OBJECTIVE OF THE STUDY

- To study the prosperity of retail business.

SCOPE OF THE STUDY

Scope of the study had analyzed the prosperity of retail business in Virudhunagar District. This study has taken into account both the organized and the unorganized retail sector for analysis.

PERIOD OF THE STUDY

Secondary data are collected for the period of 6 months. The primary data are collected from the respondents through interview schedules from July 2015 to November 2015.

METHODOLOGY OF THE STUDY

The study is descriptive in nature based on both the primary and secondary data. The research problem, the hypotheses and interview schedule all have been formulated and framed accordingly. The suggestions of the study emerge from the inferences drawn from the sample survey of retailers in Virudhunagar district.

SAMPLING DESIGN

There are totally 9,847 retail businesses available in Virudhunagar District. It is not possible to collect the data for the entire population. Hence, it has been decided to use sampling techniques. As the details of retail business in Virudhunagar District are not available, the probability sampling technique cannot be adopted. Therefore, non-probability sampling technique and convenient sampling methods are applied. The sample respondents for this study have been selected based on taluk. The sample size of 500 has been decided on the basis of 5 per cent of the population.

PLAN OF ANALYSIS

The data are analyzed by using appropriate statistical techniques such as, Factor Analysis and percentage.

OPINION OF RETAILERS REGARDING PROSPERITY OF RETAIL BUSINESS

In order to study the prosperity of the retail business in Virudhunagar district, the opinions of retailers are obtained. Table 1 shows the opinion of retailers about the prosperity of the retail business. Table 1 shows the 27 opinions which are collected from retailers regarding their retail business. The opinion of "Virudhunagar is suitable for retail business" is strongly agreed by 286 respondents out of 500 respondents. Majority of 33.20 per cent of respondents agreed the opinion "Availability of sufficient labour force". No opinion for the statement "Less political influences" is given by 128 respondents out of 500 respondents. "Better Customer Culture" is strongly disagreed by 12.80 per cent of the retailers.

The opinion titled "Lesser or no formalities for registration" is disagreed by 7.20 per cent of the retailers. "Sufficient Transport facilities" is agreed by majority of 136 retailers out of 500 retailers. 15.80 per cent of the retailers have strongly agreed the opinion "No need for previous experience". The statement of "Fair Competition" is strongly agreed by 86 respondents and the same is strongly disagreed by 75 respondents. The majority of 31.00 per cent of the retailers have agreed the opinion "Good Trading Culture".

OPINION OF RETAILERS: APPLICATION OF FACTOR ANALYSIS

The technique adopted to identify and analyzed the important factors which influence the selection of retail business is factor analysis. The principal factor analysis method is a mathematically unique solution to a factor problem. Its major solution feature is the extraction of maximum amount of variation as each factor is calculated. In other words, the first extracts the most variance and so on. There are several methods available for factor analysis. But, the principal factor method with orthogonal varimax rotation is mostly used and widely available in factor analysis computer programme. Further, orthogonal rotations maintain in the independence of factors that is the angles between the axes are kept at 90 degrees. One of the final outcomes of factor analysis is called Rotated Factor Matrix, where a table of co-efficient that expresses the ratios between the variables and the factors are prepared. The sum of square of the factor loadings of variables is called communalities (h^2). The factors with factor loadings of 0.50 or greater are considered as significant factors. This limit is chosen because it has been judged that factors with less than 50 per cent common variation with the rotated factor pattern are too weak to report. In the present study, the principal factor analysis method with Orthogonal Varimax Rotation is used to identify the significant set of factors influencing retail business.

RESULTS AND INTERPRETATION OF FACTOR ANALYSIS

The rotated factors matrix for the variables relating to the factor which influence the opinion of retailers is given in Table 2. Table 2 gives the loading received by the factors under F1, F2, F3, F4 and F5.

FACTOR I - FAVOURABLE BUSINESS CONDITION

Favourable business conditions are determined by a number of variables such as demography, suitable workforce, wage rates, availability of capital and raw materials, transportation, communication facilities, energy sources and the presence or absence of competitors that influence the success of a business. Better chance for business expansion (0.622), Higher Quantum of population (0.501) and Sufficient Transport facilities (0.500) are the items with high loadings on Factor I. The above items refer to the Favourable Business Condition of retail business. Hence, the factor I is characterized as "Favourable Business Condition". The Eigen value for the factor I is 4.010 and the percentage of variance is 14.851.

FACTOR II - FAIR TRADE PRACTICES

Fair Trade refers to a social movement that is concerned with giving better prices to the actual producers of products in developing nations across the world.

The major criteria on which standards are set includes safe and proper working conditions, no child labour, standards of minimum wages being given to workers and other social related activities. In the second factor, Fair Competition (0.606), Sufficient Natural Resources (0.602), Good Trading Culture (0.592), No need for any specified knowledge (0.542) and spend thrift habits of the people (0.503) have the highest significant positive loadings. As the above items relate to fair trade practices, factor II is named as "Fair Trade Practices". The Eigen value for the factor II is 2.362 and the percentage of variance is 8.750.

FACTOR III – CUSTOMER CENTERED

A customer-centered approach includes developing quality products appreciated by customers, responding promptly to customer complaints and answering product queries. New buying behaviors, channels and technologies require proper encouragement of customer-centered experiences sustained by properly aligned sales and support channels. Better Customer Culture (0.710) and No speculation in retail business (0.537) are the items with high loadings on Factor III. Factor III is characterized as "Customer Centered". The Eigen value for the factor III is 1.467 and the percentage of variance is 5.433.

FACTOR IV –TRADITIONAL ORIENTED

Globalization is responsible for the merging and metaphorical squashing of cultures and traditions; with younger generations wanting to do things the modern way – because it's quicker and more efficient – ancient traditions and cultures are being lost, and everything is becoming americanised. Modernisation is required in physical sector up-to certain level but not in the moral sector. In the fourth factor, do not require any advanced technology and low competition in retail business have the highest factor loadings. As the above variables relate to modernization, Factor IV is termed as "Traditional Oriented". The Eigen value for the factor IV is 1.301 and the percentage of variance is 4.820.

FACTOR V – BUSINESS FEASIBILITIES

An analysis and evaluation of a proposed project is to be determined if it is technically feasible, suitable within the estimated cost and profitable. The retailer wants to know his business ideas are feasible. There are three conditions which can determine whether the retailer will have a successful business or not. First, is there a market for the retailer's product? Second, can the retailer actually make money? And finally, how many competitors will the retailer have to face? In the fifth factor, Virudhunagar is suitable to retail business (0.659), chance to earn more profit (0.645) and low cost of factors of production (0.544) has the highest loadings. As the above variables relates to feasibility of running a business, Factor V is characterized as "Business Feasibilities". The Eigen value for the factor IV is 1.251 and the percentage of variance is 4.633.

SELECTED FACTOR VARIABLES WITH HIGHEST FACTOR LOADING

Table 8 shows that 27 opinion statements are reduced to 15 statements and the 15 statements are grouped under five factors. The researcher has given a name for each factor falling under three or four variables. Out of these variables (statements) the highest factor loadings are shown respective variables with factor values. It is inferred from Table 8 that the statements, Better chance for business expansion with factor loading of 0.622, Fair Competition with factor loading of 0.606, Better Customer Culture with factor loading of 0.710, Do not require any advanced technology with factor loading of 0.664 and Virudhunagar is suitable for retail business with factor loading of 0.659 are the statements with the highest factor loading under the dimensions namely, Favourable Business Condition (F1), Fair Trade Practices (F2), Customer Centered (F3), Traditional Oriented (F4) and Business Feasibilities (F5) respectively. Hence, these are the identified dimensions (Factor) which influence the retail business.

Conclusion

From the above discussion, it is evident that all the factors that have been identified are important but they have all been rated differently. By incorporating these factors in the best proportion, the retailers can improve upon the quality of their products and service to attract more customers and occupy a dominant market share.

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