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RESEARCH ARTICLE

A STUDY ON THE IMPACT OF MEGA SHOPPING MALLS ON SMALL RETAIL BUSINESS SECTOR.

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Abstract

The retail sector in India is witnessing a huge revamping exercise as traditional markets make way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. The urbanization, double income families, increased household incomes, a growing exposure to foreign lifestyles, increased aspiration of consumers, health consciousness and the convenience of one-stop shopping are major driving forces focusing the upper middle class consumers to their frequent shopping in large scale mega shopping malls. This research work has been conducted to study the Impact of Mega Shopping Malls on the Small Retail Business Sector in Coimbatore City. The findings of the study express that there is an adverse impact on growth and progress of their trade to the level of some extent in few type of business activities.

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Introduction:-

The retail in India is largely un-organised and predominantly consists of small, independent, owner- managed shops. It is the largest industry in terms of contribution to Gross Domestic Produce (GDP) and constitutes over 10 per cent of the GDP and around eight per cent of work force in the country. The retail sector in India is witnessing a huge revamping exercise as traditional markets make way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. The urbanization of residential locations, double income families, increased household income, a growing exposure to foreign lifestyles, increased aspiration of consumers, health consciousness and the convenience of one-stop shopping are major driving forces focusing the upper middle class consumers to the organised shopping in large scale Mega Mall shopping format. Hence, the present study aims to exploring the impact of mega shopping malls on small retail business by investigating the problems faced by the small retail community located in Coimbatore city.

Literature review:-

Loudon and Della (1993)¹⁰ studied that the function of several variables involve the customer's motive for their store choices. They pointed out that factors like design of the store, employees, advertising and sales promotion, merchandise assortment, physical facilities, customer services have a larger impact on the store choice.

David Gilbert (2003)⁷ in his book Retail Marketing Management, has identified the reasons of growth of modern retailing. According to him new forms of retailing focus the needs of each consumer segment. This results in the development of more consumer friendly environment.

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Kanfman Peter, Jayachandran Satish and Rose Randall (2006)⁸ have specified that retailers face considerable risk in introducing new products, due to high failure rates. They found that sales person and firm relationship are main factors determining new product acceptance in the market.

Dwivedi (2010)¹⁴ studied that when compared to major cities of India, the smaller cities getting importance for investment, because there has been a shift in the taste and purchasing priorities of the customers from Tier II and Tier III either with past ten years, when compared to metropolitan cities.

Hamil and Dr. X. Antony Thanaraj (2011)¹ in their study "Impact of Supermarkets on Small Retailers in Indian Suburb" aimed at knowing the impact of supermarkets on the sales and profit volume of small retailers. Another objective of the study is to know the impact of supermarkets on the employment opportunities in unorganized retail industry. The present study indicates that supermarkets inflicted an adverse impact on unorganized retail outlets of various formats in targeted Indian suburb area. Moreover, due to the growth of supermarkets there is a loss of employment in the small retail ventures. Opinion of small retailers also identifies the same cause as main reason that the super markets reduces their sustainability.

Research problem:-

The advent of mega shopping malls in Coimbatore city has a serious impact on small retail business. Retail business is the source of survival to the considerable sections of the community in Coimbatore city, as they contribute income generation and employment in the urban areas. If their business opportunities are compelled to close due to increased competitions from mega shopping malls, many businesses would be lost and this has the huge implication to industry and society. It is due to the fact that the mega shopping malls are large scale corporate entities with huge capital, manpower and other infrastructural facilities. On the other hand, lack of sufficient capital, poor literary knowledge, absence of professionalism and lack of application of modern techniques in their business operations are lead to the weakness of the existing small retail sectors. Therefore it is important to understand the impact that, the development of mega shopping malls in the city has on small business based on the responses of small business retailers. Hence this research intended to explore the impact of mega shopping malls on small retail business in Coimbatore city.

Objectives of the study:-

To explore the impact of mega shopping malls on small retail business sector in Coimbatore city

Research Methodology and sample design:-

This study is explorative in nature and based on survey method. The whole data required for the study have been collected in three forms. The primary data relating to the small retail shops were collected by administering an interview schedule. The secondary data required for the conceptualization of the problem of the study, profile of modern mega malls and different reviews of related studies were obtained from various published and unpublished records, reports, books, journals, and magazines. Besides that the researcher had discussion with some mall authorities and retail shop owners to understand the problems of study.

The researcher follows a stratified random plus judgment- sampling technique in this study. There are twenty four corporation wards identified and listed by the researcher as major commercial areas with huge number of shops and establishments within the corporation limit. Out of the twenty four wards fifty percent known as twelve wards were taken as sample wards. In all these wards at an average of about three hundred shopping units are situated. From these wards five per cent of each selected sample corporation wards, known as fifteen units from each word totally 180 retailers were taken by the researcher as sample units. The selection of business unit was made by following the judgment of the researcher in each ward. Utmost care was undertaken in each ward to represent different type of business ventures.

Tools used for the study:-

The researcher has employed the following tools to suit the requirements of the present study.

- ✓ Percentage analysis
- ✓ Chi-Square Test

Level of Impact of Mega Malls on Retail Trade.

Particular	Frequency	Percent
To a small extent	94	52.2
To the extent of 50%	27	15.0
To a great extent	21	11.7
Not at all affected	38	21.1
Total	180	100.0

From the above table it is clear that 52.2% of respondents are adversely affected by the Mega Malls at the level of small extent, 15% of them are adversely affected to the extent of fifty percent of their business turnover, 11.7% of them are affected by the Malls to the level of great extent and the remaining 21.1% of respondents express that their businesses have not been affected by the Mega Malls. Majority of the respondents felt that they are affected by the Malls to the level of some extent.

Factors Influencing the Existence (Impact) of Mega Shopping Malls:-

Sl. No.	Particulars	Strongly Disagree		Disagree		Agree		Strongly Agree	
		No.	%	No.	%	No.	%	No.	%
1.	Location	-	-	-	-	168	93.3	12	6.7
2.	Brand and Quality	12	6.7	27	15.0	117	65.0	24	13.3
3.	Price	3	1.7	30	16.7	141	78.3	6	3.3
4.	Parking	6	3.3	36	20.0	132	73.3	6	3.3
5.	Credit Card	3	1.7	12	6.7	147	81.7	18	10.0
6.	Value Addition	-	-	69	38.3	108	60.0	3	1.7
7.	Variety	3	1.7	54	30.0	108	60.0	15	8.3
8.	Computer billing	3	1.7	9	5.0	144	80.0	24	13.3
9.	Packing	3	1.7	84	46.7	87	48.3	6	3.3
10.	Door Delivery	51	28.3	105	58.3	21	11.7	3	1.7
11.	Availability of All Goods	3	1.7	6	3.3	63	35.0	108	60.0
12.	Suitability	45	25.0	96	53.3	36	20.0	3	1.7
13.	Guidance	6	3.3	126	70.0	48	26.7	-	-
14.	Fresh and Display	-	-	6	3.3	96	53.3	78	43.3
15.	Advertisement	18	10.0	147	81.7	15	8.3	-	-
16.	Free Service	36	20.0	135	75.0	3	1.7	6	3.3
17.	Customer Care	-	-	102	56.7	75	41.7	3	1.7
18.	Fun	-	-	9	5.0	147	81.7	24	13.3
19.	Prestige	-	-	12	6.7	144	80.0	24	13.3
20.	Low Price	33	18.3	111	61.7	33	18.3	3	1.7
21.	Food Court	21	11.7	12	6.7	147	81.7	-	-

From the above table, it is well known that out of twenty one given variables contributing towards the existence of mega size shopping centres in Coimbatore city, the entire respondents (100%) either agree or strongly agree the factor Spacious location for shopping, the Availability of all goods in one roof to the extent of 95% (60+35), Usage of credit cards by 91.7%, Computerised-billing as well as Prestigious shopping by 93.3%, Availability of Fun and entertainment by 95%, Standard goods with discount offers by 81.6%, Branded goods by 78.3%, Availability of packing facilities 76.6%, and Huge varieties for selection by 68.3% are the causes of the customers to switch over towards the mega size shopping malls.

The above analysis shows that certain factors like Free door delivery of goods, Suitability to all customers for shopping, Advertisement, Free after sale services, Low price in the market are dis-agreed or strongly dis-agreed by most of the respondents

Factors Influencing the Migration of Small Retail Customers

Sl. No.	Particular	Strongly Disagree		Disagree		Agree		Strongly Agree	
		No.	%	No.	%	No.	%	No.	%
1.	Unbranded	24	13.3	117	65.0	39	21.7	-	-
2.	High Price	78	43.3	75	41.7	12	6.7	15	8.3
3.	No Attention	78	43.3	90	50.0	12	6.7	-	-
4.	No Free Service	-	-	81	45.0	93	51.7	6	3.3
5.	No Space	3	1.7	42	23.3	135	75.0	-	-
6.	Less Variety	-	-	81	45.0	99	55.0	-	-
7.	Crowd	27	15.0	117	65.0	36	20.0	-	-
8.	No Credit	-	-	102	56.7	78	43.3	-	-
9.	No Parking	-	-	69	38.3	111	61.7	-	-
10.	Limited Stock	24	13.3	3	1.7	141	78.3	12	6.7
11.	No Neatness	12	6.7	99	55.0	39	21.7	30	16.7
12.	Unsafe Storage	15	8.3	69	38.3	93	51.7	3	1.7

The above table clearly indicates that the important reasons for the migration of customers towards shopping malls, the factors like No special attention to customers to the extent of 93.3%, High price by 85%, Always looking crowd by 80%, Selling of unbranded goods by 78.3 are totally contributed to whether strongly dis-agreed or disagreed by most of respondents. On the other hand few factors like No sufficient space for shopping to the extent of 75%, Limited availability of stock by 85% No adequate parking facility by 61.7% are strongly agreed or agreed by most of respondents.

Therefore, it is found out that the retail traders are selling Branded quality products in a reasonable price with great attention towards their customers and their shops are not always looking crowd.

Chi-square test:-

There was no significant association among socio-economic and business variables namely,

✓ Impact perceived / experienced by the Respondents

Vs

✓ Age of the Respondents,

✓ Education of the Respondents

✓ Type of Business of the Respondents

✓ Credit Facility given by the Respondents

✓ Discounts announced / provided by the Respondents

✓ Door Delivery by the Respondents

✓ Investment made by the Respondents

✓ Organisation Type of the Respondents

✓ Turn Over of the Business run by the Respondents

The following are the Chi- Square Test results:

	Value	Df	Asymp. Sig. (2-sided)	Significant
Age Vs Impact	24.680	9	.003	significant
Education vs Impact	56.378	6	.000	significant
Type of Business vs Impact	198.105	24	.000	significant
Organisational Type vs Impact	21.883	6	.001	significant
Credit Facility Extended vs Impact	1.122	6	.001	significant
Discount given vs Impact	22.270	3	.000	significant
Door Delivery vs Impact	8.378	3	.039	significant
Level of Investment vs Impact	32.950	9	.000	significant
Business Turnover vs Impact	26.336	12	.010	significant

The results of the chi-square test signifies that most of factors like Age, Education, Type of business, Organisation's type, Level of investment, Turnover, Offering of credit facility, Door delivery, Discounts are having a significant relationship with the Perception of retailers on the Existence of Big malls (impact) perceived.

Conclusion:-

This research work has been conducted to study the Impact of Mega Shopping Malls on the Small Retail Business Sector in Coimbatore City. The findings of the study express that there is an adverse impact on the growth and progress of their trade to the level of some extent in few type of business activities. Hence the policy makers are suggested to give adequate importance to the views of small retailers while taking the policy decisions. India is the country in which large number of people engaged in retail trade for their livelihood and in order to protect their survival, it is necessary that they have to reform or re-organize their traditional sole proprietorship concern into a collective form of ownership organization like Limited Liability Partnership firm or Private Limited Company etc. which will generate adequate capital to continue their existing business.

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