**Emperor Journal of Commerce**

**ISSN: 2582-9815** **Mayas Publication®** **www.mayas.info**

**Volume-V** **Issue-X** **October 2025**

# Impact of Organized Retailing on Small Traders in Kanchipuram – An Empirical Study

**Dr. J. Ramani**
*Head &Assistant Professor*
*Department of Commerce (Accounting & Finance)*
*SSKV College of Arts and Science for Women.*
*Kanchipuram*

**Abstract:**

The retail sector has been at the helm of India's growth story. This sector has evolved dramatically from traditional village fairs, street hawkers to resplendent malls and plush outlets, growing from strength to strength. The retail industry has emerged as one of the most dynamic and fast paced industries in India with several players entering the market. The Indian retail industry is the fifth largest in the world. Comprising organized and unorganized sectors, Indian retail industry is one of the fastest growing industries in India, especially over the last few years. The retail industry in India was mostly unorganized; however, with the change of tastes and preferences of the consumers, the industry is getting more popular these days and getting organized as well. Organized retailing has finally emerged from the shadows of unorganized retailing and is contributing significantly to the growth of the Indian retail sector. Buying behaviour and lifestyles in India too are changing and the concept of value for money is fast catching on in Indian retailing.

**Key Words:** *Retail industry, Buying behavior, consumers and lifestyles*

## I.INTRODUCTION

Liberalization of economy in the nineties and entry of large players in the retail business have brought the Indian retail industry into spotlight. The organized retail sector has been witnessing winds of changes in the last couple of years. Malls and large-size department stores have become a fixture in the urban landscape across the country.[1]With some 15 million retail outlets, India has the highest retail density in the world. Thus, India is popularly referred to as "nation of shopkeepers".

However, only 4 per cent of these outlets are more than 500 square feet in size. In the name of retailing, the unorganized retailing has dominated the Indian landscape so far. Traditionally it was a family's livelihood, with their shop in the front and house at the back, while they run the retail business. With rapid urbanization, and changing patterns of consumer tastes and preferences, it is unlikely that the traditional outlets will survive the test of time. Despite the large size of this market, very few large and modern retailers have established specialized stores for products.

Indian retail market is very large as well as swelling. The huge scope and vast potential for the prosperity of organized retailing are also increasing day by day. Retailing in India is gradually inching its way to becoming the next boom industry. Modern retail has entered India as seen in sprawling shopping centres, multi-storied malls and huge complexes offer shopping, entertainment and food all under one roof. In the post-liberalization period, fuelled by a fast growing information technology and other economic forces, the retailing sector in India is transforming rapidly. Many large chains like the Tata, RPG, Raheja's and the Piramal, to name a few, joined the retail bandwagon and have now started coming out of the red after years of making losses and recovering costs. Organized retail sector is feeling the warmth of expansion by the participation of Indian business houses and foreign players. Retailing currently contributes 10 percent of India's GDP and 6 to 7 percent of employment.

**Review of Literature**

Sudha Vemaraju(2020)made an attemptto understand the concept of relationship marketing and its application to the Indian retail stores; to understand customers' perceptions and evaluate the key retail attributes and their effect on relationship marketing. To attain these objectives, a survey of 150 respondents had been carried out in Hyderabad using convenience sampling method. Five variables were identified under product attributes and 12 variables were identified under store and retail attributes on the basis of review of related studies in order to identify important factors that affect customers' perception in choosing a particular store. The analysis revealed that originality of the product was given highest preference and Indian customers are more price sensitive and quality conscious. The findings indicate that customers are more inclined to the retail store that offer better customer services, promotional offers and discounts. Location and customer relationship management are other important factors identified by the customers because they want to reduce the time, energy and psychic costs involved in shopping from a retail store.

**Gagandeep Shmarma*et al*(2021)**conducted a study to check the effect of opening of the organized retail stores on the unorganized retail, farmers and consumers in Punjab. The data were collected with the help of questionnaire from retailers as well as customers. The study reveals that the Punjab retail sector is changing now. Many retail investors open their retail stores and run successfully and some other big players are ready to invest in the retail sector in Punjab and the future of organized retail is quite good in big cities but in the cities cognized retail is not successful to gain moment.

**John William and Prabakar (2022)** made an attempt to understand the factors influencing the shoppers buying at the organized retailers; to study customer perceptions on organized retailers; to study the promotional activities taken by the organized retailers; to provide suggestions to improve the services provided by the organized retailers. The primary data were collected using a structured questionnaire and the consumers who visited the organized retail shop. The survey is carried out in the organized retail outlets in Coimbatore and a sample of 20 each from five retail outlets and totally of 100 respondents from the population selected randomly. The study reveals the perception of service quality influenced by the various natures with various customers even some of the general factors like personal interaction. Physical aspects are the dimensions on the customer perception which remains constant and common to all customers on a majority basis. So the retail outlets have to frame their own strategies in order to attract the customers on a longer basis

**Statement of the Problem**

The marketing system underwent many changes which were important and in tune with the growth of market driven economy. The emergence of new trends in retailing is a significant event in Indian marketing scenario. One such major change was allowing large scale retailers, chain shops and department stores to operate and promote a large-scale marketing activity. However, India still predominantly houses the traditional formats of retailing, that is, the local kirana shops, weekly haats, convenience stores, and bazaars, which together form the bulk. Traditional retailing has been deep rooted for the past few centuries and enjoys the benefits of low-cost structure, mostly owner-operated, therein resulting in less labour costs and little or no taxes to pay. The growth of organized retailing is having a direct bearing on marketing environment and changes in the marketing system.

The organized retailers started attracting in the name of promotion, not only high-class people but also middle class and lower middle class with some entertainments and fun to have along with the shopping and also showing some attractive offers and benefits. So, people started flowing towards the organized retail shops. The most appealing argument in favour of the organized retail market is that the "consumer will benefit". The changed shopping outlets are seeing success due to fair pricing, large assortments, supported by large moving spaces, self-services, free packing and the idea of getting everything under one roof has conquered customers. Today's price sensitive, time-starved customers are looking not only for the best deal but also a convenient and user friendly shopping experience at organized retail outlets.

The organized retailers affected greatly the small traders, those who are trading a particular type of goods, like, groceries or vegetables or stationary. Their businesses started declining. They start facing threat of losing the customers. Many shops closed after failing to tolerate the competition. There are a few classes of shops those items are not sold in malls or super bazaars are still surviving. Only finger counting few small traders those are able to tolerate pressure of competition also surviving but hardly. The individual retailers are still trying hardly to survive, by giving home service, offering discounts, showing offers, etc. But still, it becomes faint against the strength of the malls. Having studied the relevant literature and preliminary data gathered, the researcher thought it would be best to conduct extensive research to understand the impact of organized retailing on small traders. Therefore, how do the small traders view the organized retail outlets formats? How do they perceive the impact of these organized retail formats? To answer these questions, the researcher has made an attempt to find out the impact of organized retailing on small traders in Kanchipuram.

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**Objectives of the Study**

1. To study the growth and progress of retailing in India.
2. To understand the perceived impact of small traders towards organized retail outlets in Kanchipuram.
3. To offer suitable suggestions to protect the small traers from the clutch of organized retailers in Kanchipuram and based on the findings of the present study.

**Testing of Hypotheses**

In order to examine the perception of the small traders towards impact of organized retailing, the following null hypotheses were formulated and tested.

**$H_{01}$:** There is no significant change in the business operations of small traders between before and after the entry of organized retail outlets in Tiruchirappalli city.

**Scope of the Study**

The present study attempts to examine the impact of organized retailing on small traders in Kanchipuram. This study is confined to five major retail segments namely, food and grocery, fashion and accessories, footwear, pharmaceuticals and electronics. These five retail segments cover nearly 70 per cent of retail business in recent years. In the present work, the perceived impact of the small traders towards organized retail outlets is mainly emphasized.

**Sampling Design**

By using non-probability sampling, 150 respondents i.e. 30 small traders were selected from each retail segment such as food and grocery, fashion and accessories, footwear, pharmaceuticals and electronic swith the criterion that these outlets must be operating within a five-kilometre radius of organized retail outlets such as Reliance Fresh (Food and Grocery), Pantaloon (Fashion and Accessories), Khadim's (Footwear), Apollo Pharmacy (Pharmaceuticals) and Viveks (Electronics).

**Tools for Data Collection**

The present study is empirical in character, based on survey method. As an essential part of the study, the primary data were collected from 150 small traders with the help of interview schedule. Taking into consideration the objectives of the study, an interview schedule was constructed for small traders based on Likert scaling technique. Pre-testing of interview schedule was done during April 2015, involving 10 small traders to know the relevance of the questions. The secondary data have been collected mainly from journals, magazines, government reports, books and unpublished dissertations. The data so collected have been entered into a master table and tabulated to arrive at useful conclusions.

**Limitations of the Study**

The present study is concerned with the perception of small traders towards impact of organized retail outlets, rather than how it is reported by the organized retailers. The study has the following limitations:

1. In any study bearing on attitude of the respondents, incomplete and non-responses to some questions could not be avoided. However, considerable care was exercised in making the study as objective and systematic as possible.
2. The study has the limitation of time and resources, usually faced by the researchers. The results from the survey are hard to generalize to the national population, since the survey is limited to 150 small traders in Kanchipuram.

**Table 1**
**Demographic Profile of the Small Traders**

| Demographic Profile | | No. of Respondents | Percentage |
|---|---|---|---|
| Gender | Male | 132 | 88.00 |
| | Female | 18 | 12.00 |
| Age (in years) | Upto 30 | 21 | 14.00 |
| | 31-40 | 42 | 28.00 |
| | 41-50 | 53 | 35.33 |
| | Above 50 | 34 | 22.67 |

| | | | |
|---|---|---|---|
| Education | Upto S.S.L.C | 50 | 33.33 |
| | H.Sc | 20 | 13.33 |
| | Diploma/ITI | 29 | 19.33 |
| | Degree | 33 | 22.00 |
| | Postgraduation and above | 18 | 12.00 |
| Experience (in years) | Less than 5 | 69 | 46.00 |
| | 6-10 | 23 | 15.33 |
| | 11-15 | 23 | 15.33 |
| | Above 15 | 35 | 23.33 |

**Source:** Primary Data.

Out of 150 respondents, 88 per cent are male and 12 per cent are female. A good majority of the respondents (35.33 per cent) are dispersed in the age group 41-50 years. 14 per cent, 28 per cent and 22.67 per cent of the respondents are dispersed in the age group upto 30 years, 31-40 years and above 50 years respectively. The predominant literacy group (33.33 per cent) of the respondents has S.S.L.C qualification. 13.33 per cent of the respondents have H.Sc qualification. 19.33 per cent of the respondents have studied Diploma/ITI. 22 per cent and 12 per cent of the respondents have degree, and postgraduation and above qualifications respectively. Besides, 46 per cent of the respondents have upto 5 years of experience in retail business.15.33 per cent and 15.33 per cent of the respondents have 6-10 years and 11-15 years of experience respectively. 23.33 per cent of the respondents have above 15 years of business experience.

**Table 2**

**Business Profile of the Small Traders**

| **Business Profile** | | **No. of Respondents** | **Percentage** |
|---|---|---|---|
| Person started | By own | 113 | 75.33 |
| | By parents | 18 | 12.00 |
| | By forefather | 19 | 12.67 |
| Product deals in | Pharmaceuticals | 30 | 20.00 |
| | Footwear | 30 | 20.00 |
| | Fashion and Accessories | 30 | 20.00 |
| | Food and grocery | 30 | 20.00 |
| | Electronics | 30 | 20.00 |
| Type of location | Large shopping complexes | 44 | 29.33 |
| | Popular big shopping mall | 13 | 8.67 |

| | | | |
|---|---|---|---|
| | Local neighborhood | 34 | 22.67 |
| | Market popular special product | 17 | 11.33 |
| | Standalone shop | 23 | 15.33 |
| | Roadside/street hawkers | 19 | 12.67 |
| Type of business | Retail | 124 | 82.67 |
| | Retail cum wholesale | 26 | 17.33 |
| Size of the store | Below 200 sq. ft. | 60 | 40.00 |
| | 201-300 sq. ft. | 22 | 14.67 |
| | 301-400 sq. ft. | 43 | 28.67 |
| | Above 400 sq. ft. | 25 | 16.66 |
| Amount of Investment (`.) | Less than 2 lakhs | 27 | 18.00 |
| | 2 lakh – 4 lakhs | 32 | 21.33 |
| | 4 lakh – 6 lakhs | 56 | 37.33 |
| | Above 6 lakhs | 35 | 23.33 |

**Source:** Primary Data.

It is inferred from the above table that 75.33 per cent of the retail outlets were started by the sample small traders, 12 per cent were instituted by their parents and 12.67 per cent of the retail formats were established by their forefathers. Out of 150 respondents, 20 per cent, 20 per cent, 20 per cent, 20 per cent and 20 per cent of the respondents were deals in pharmaceutical, footwear, fashion and accessories, food and grocery and electronics products respectively. 29.33 per cent of the respondents positioned their shops at large shopping complexes, 8.67 per cent of the shops are situated at popular big shopping malls, and 22.67 per cent are located at local neighborhood. 11.33 per cent and 15.33 per cent of the retail shops are so called market popular special product and standalone respectively. Besides, 12.67 per cent of the shops are roadside/street hawkers.

Out of 150 respondents, 82.67 per cent of the respondents are engaged in the retail business and 17.33 per cent of the respondents are engaged in retail cum wholesale business. About 40 per cent of the retail shops are positioned at a space below 200 sq. ft, 14.67 per cent of the shops are sited at 201-300 sq. ft. and 28.67 per cent of the shops are placed at a space of 301-400 sq. ft. 16.66 per cent of the select retail shops are found at a space of more than 400 sq. ft. In regards to investment, 18 per cent of the traders have invested less than `.2 lakh in their business, 21.33 per cent have invested `.2 lakh-4 lakh and 37.33 per cent of the respondents have invested `.4 lakh-6 lakh. 23.33 per cent of the respondents have made an investment of `.4 lakh-6 lakh in their business.

**Table 3**
**Products Deals In And Acceptance Towards Impact Of Organized Retail Outlets**

| Business Category | No. of Respondents | Mean Score | Standard Deviation | Co-variation |
|---|---|---|---|---|
| Pharmaceuticals | 30 | 42.90 | 6.94 | 16.18 |
| Footwear | 30 | 42.87 | 7.98 | 18.61 |
| Fashion and Accessories | 30 | 41.70 | 7.16 | 17.17 |
| Food and grocery | 30 | 42.93 | 7.81 | 18.19 |
| Electronics | 30 | 43.50 | 7.45 | 17.13 |
| Overall | 150 | 42.78 | 7.40 | 17.30 |

**Source:** Primary Data.

**Relationship Between Products Deals In And Acceptance**

| Source of Variation | D.F | Sum of Squares | Mean Squares | Calculated Value | Table Value at 5% | Result |
|---|---|---|---|---|---|---|
| Between groups | 4 | 51.907 | 12.977 | 0.232 | 2.434 | Not significant |
| Within groups | 145 | 8107.833 | 55.916 | | | |
| Total | 149 | 8159.740 | 54.763 | | | |

The calculated F value (0.232) is less than the table value (2.434) at 5 per cent level of significance. Hence, no significant relationship is found among the acceptance levels of the respondents who deal in different product categories towards impact of organized retail outlets on small traders. Therefore, the null hypothesis ($H_{02}$) is accepted. The average acceptance score of the respondents engaged in electronics business (43.50) is high, followed by the traders of food and grocery business. Thus, respondents engaged in electronics business have higher acceptance level towards impact of organized retail outlets. Moreover, the variation in the acceptance level (18.61 per cent) is high among the respondents engaged in footwear business, and it is low (16.18 per cent) among the respondents engaged in pharmaceutical business. Thus, there exists consistency in the acceptance level of the respondents engaged in pharmaceutical business towards impact of organized retail outlets.

**Suggestions**

1. The small traders comprise less educated; therefore, education of small traders needs to be stressed. Education on planning, marketing and evaluation of trade activities will make the small traders undertake trade

activities. It is therefore suggested that appropriate educational programmes will make them aware of technical know-how and face the practical difficulties of the trade activities. Moreover, the small traders shall be given education on banking operations and personality development i.e. self-esteem, self-confidence, communication skills, and leadership qualities.

2. The small traders are facing stiff competition from organized and organized retailers. Hence, it is suggested that reservation of certain products should be exclusively made for unorganized retail sector in order to protect them from the competition from organized and organized retailers. Moreover, industry status should be given to unorganized retail sector to improve retail development, to facilitate organized financing and to establish insurance norms.
3. The unorganized retail sector in India is severely constrained by limited availability of bank finance. The RBI needs to evolve suitable lending policies that will enable small traders to expand and improve efficiencies. Further, the cooperative and commercial banks should advance adequate amount of working capital loans to the small traders. Instead of following the routine norms for sanctioning loans, the small traders who are competent and capable of carrying out the useful activities should be given adequate financial assistance. Further, the banks should sanction additional loan as and when the small traders require and pay off their previous loans promptly.
4. The small traders' associations should be linked with various welfare programmes of the government. The welfare programmes which are meant for social welfare like mid day meals, supply of free books and notes, free uniform, and so on may be assigned to the best performing small traders' associations in order to enlarge their trade activities.
5. The small traders should employ more strategies in their business practices like creative merchandising, discounts, etc. as they can provide good result. Besides, as part of the organized social responsibility the large retailers can work in partnership with the small traders and supply a certain assortment of merchandise at a discount. Thus, the larger retailers won't be seen as a threat and also can offer organized social responsibility to the community.
6. 64.67 per cent of the small traders demand for common shopping complex, sanitary facilities, transport facilities for carrying their products, water facilities and free or concessionional rate electricity, etc. Therefore, the appropriate authorities can provide the aforesaid necessary facilities to the small traders.

## II.CONCLUSION

With the sign of reemergence of economic growth in India, consumer buying in retail sector is being projected as a key opportunity area. As a consequence, Indian organized houses are refocusing its strategic perspective on retail marketing with the idea to use resources optimally in order to create core competence and gain competitive advantage. The emergence of organized retailing in the retail market scene is very significant in the recent past. In the present study the focus has been given completely on this segment and its impact on consumers and small traders. The results of the study reveal that majority small traders are dissatisfied with their present business due to stiff competition from the organized retailing. Based on the results of the surveys, the study has made a number of specific policy recommendations to protect the small traders from the clutch of organized retailers in Kanchipuram.

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