



Effect of manufacturer based problems on retail sector

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Abstract

Retailing is an integral part of the modern society. It shapes the way of life. In the past, trading of goods was a part of a traditional society. But in recent times, buying and selling of goods have become a brand dominated activity. The importance of retail sector is reflected in its contribution to the growth of an economy. Its contribution is much more visible in the modern era than it was in the past. As the retail sector is linked to the significant portion of the economy, its contribution to GDP is substantial. Retailing is the driving force of an economy. This paper investigated the manufacture based problem on day to day retail business. Descriptive research design used to analyse the problem, totally 528 samples were collected and applied the statistical tools of Descriptive statistics, Friedman's multiple comparison test and Multiple regression analysis for describe the samples. It is observed that manufacture problems significantly and positively as well as negatively influence on retailers.

Keywords: retailing, manufacturer, problems, brand confusion, promotion, challenges

Introduction

Goods and service flow from manufacturers or service providers to consumers. Where consumers are large in number and are widely distributed, the role of retailers becomes crucial. Retailers serve as a connecting link between the wholesalers and consumers. Due to its dominant position in the supply chain, the retail structure has steadily developed over the years. Now-a-days, retailing is characterized by large multiple chains rather than small scale independent retailers. The formalization and growing importance of retailing has made it powerful in the distribution channel. Now, retailers are compared with manufacturers which indicate the growing dominance of retailers within the supply chain. Besides, the annual turnovers achieved by the retailers can be compared with the largest companies in other service industries.

Retail marketing is the range of activities undertaken by a retailer to promote awareness and sales of the company's products. This is different from other types of marketing because of the components of the retail trade, such as selling finished goods in small quantities to the consumer or end user, usually from a fixed location (Kavleen Bharej, 2014) [3]. Since last decades, in India it was seen that organized retail market contributes only 6 percent of the retail trade. On the other hand unorganized retail market contributes the largest 94 percent. But since 1991 the Indian retail marketing registered a huge growth. At the globe Indian retail is the 5th largest industry. It is said that over the last few years organized and unorganized retail market in India has the one of the fastest growing industry. Even though the retail industry in India was mostly unorganized at initially, with the change of preferences and test of the customers the industry is growing more popular at present time.



Source: Saxena Ranjan, Marketing Management, Tata McGraw Hill

Fig 1: Development of Retail Industry

Retail Marketing can improve the development of rural areas under various options such as increasing in job opportunities, change in lifestyle, increasing the literacy rate, rising incomes, infrastructure development & technological improvements.

Scope of the Indian Retail Market

The scope of the Indian retail market is immense for this sector is poised for the highest growth in the next five years. The India retail industry contributes ten percent of the countries GDP and its current growth rate is 8.5 percent. In the Indian retail market the scope for growth can be seen from the fact that it is increased to US\$ 608.9 billion in 2009 from US\$ 394 billion in 2005. The organized retailing sector in India is only eight percent and was expected to rise to 25 to 30 percent by the year 2012. There are under construction at present around 325 departmental stores, 300 new malls and 1500

supermarkets. This proves that there is a tremendous scope for growth in the Indian retail market. The growth of scope in the Indian retail market is mainly due to the change in the consumers' behavior. For the new generation have preference towards luxury commodities which have been due to the strong increase in income, changing lifestyle and demographic patterns which are favorable (Selvakumar and Muthumoni, 2011) [8]. This study focused on the retailers opinion towards their problems faced from the side of manufacturer and customer's responses while them purchasing the product and services. Retailing outlet is the important place for acquiring knowledge and customer's intention. The detailed study, analysis, conclusion and recommendation are following below.

Research Methodology

The main aim of this paper is to investigate the effect of

manufacturer based problems on retail sector. Descriptive research design has been used to analyse the retailer's opinions. Manufacturer problem scale has been developed by the researcher. There are 5 statements are considered for analyzing the Manufacturer problems of the retailer in the study. It is measured with five point scale where 5 stands for strongly agree, 4 for agree, 3 for neutral, 2 for disagree and 1 for strongly disagree.

The samples of retailers are chosen from Chennai city, Tamilnadu. Totally 600 retailers were approached. However, 528 responses are fit for the further analysis. Hence, 550 is the sample size of the study. Finally 528 retailers are considered as a sample size for the study. Descriptive statistics, Friedman's multiple comparison tests and multiple regression analysis are used to analyse the samples.

Table 1: Retailer opinion towards manufacturer based problems in retail business

S.No	Manufacture problems of retailers	Mean	S.D	Friedman's test Mean Rank	Chi square value	P-value	Multiple comparison test
1	Brand confusion	3.39	1.492	3.00	27.570	0.001*	3 2,1 4,5
2	Less variation between the brands	3.32	1.535	3.04			
3	Poor promotion activities	3.48	1.496	3.20			
4	High MRP	3.34	1.437	2.98			
5	Frequent change of dealers	3.20	1.537	2.79			

Source: Primary data computed; * Significant @ 1% level.

The retail sector is playing a phenomenal role throughout the world in increasing productivity of consumer goods and services. The retail industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. It is also the second largest industry in world in terms of number of employees and establishments. The Indian retail industry is the largest among all the industries. The retailers faced some problems from the manufacturer's side and they are affected by these kind of problems such as less variation between the brands, poor promotion activities, high MRP and frequent change of dealers are the various problems faced by the unorganized retailers in the manufacturer side. These 5 statements are asked to the respondents to rate their opinion towards these problems. The result displayed in the table-1.

The mean value is ranged from 3.20 to 3.48. Based on the mean value it is inferred that the respondents have opinioned about manufacturer based problems is at average level. The corresponding standard deviation values indicate that there is no much deviation within the group of retailers.

H₀: Opinion about manufacturer based problems is found to be similar among all the respondents.

In order to test the above stated hypothesis Friedman multiple comparison test is applied. The Friedman mean rank is lies between 2.79 to 3.20 and chi square value is 27.570 which is significant at one percent level. Hence the stated hypothesis is rejected. Totally 5 statements are the contributing factor to the manufacturer based problem to identify the highest contributing factor of manufacturer based problem. Friedman multiple comparison test is applied. After applying the test 5 statement are grouped into 3 categories. Poor promotion activities placed as first rank and this factor together contribute towards manufacturer based problem followed by less variation and brand confusion together occupies the second place. High MRP and frequent change of dealers together occupies the third place. This finding is similar with earlier researcher Selvakumar and Muthumoni (2011) [8] have analysed the problems faced by the retailers, opportunities and prospects of retail Business. It is found that the retailers make credit sales to their customer. And they have the problem of bad debts. Unorganized retailers see growing middle class as their greatest opportunity followed by large number of earning youth customers. The tri-city region has people from all over India (Mittal and Anupama Prashar, 2011) [7].

Table 2: Effect of manufacturer based problems on retail business

R	R- Square	Adjusted R Square value	F-Value		P-value
0.550	0.363	0.354	6.984		0.001*
Manufacture problems	B	Std. Error	Beta value	t-value	P-value
(Constant)	4.686	0.152	-	30.792	0.001*
Brand confusion	0.199	0.078	0.230	2.568	0.010**
Less variation between the brands	0.093	0.069	0.111	1.361	0.174 (NS)
Poor promotion activities	-0.190	0.059	-0.220	-3.210	0.001*
High MRP	-0.216	0.068	-0.240	-3.161	0.002**
Frequent change of dealers	-0.055	0.062	-0.065	-0.893	0.372 (NS)

Source: Primary data computed; * Significant @ 1% level; ** Significant @5% level; NS: Non significant

Table-2 shows that the effect of manufacturer based problems based on retail business. Here manufacturer based problems are classified as brand confusion, less variation between the brands, poor promotion activities, high MRP and frequent change of dealers. Manufacturer based problem is treated as independent variable and retail business is treated as dependent variable.

H_0 : Manufacture problems do not have influence on retail business.

Regression analysis is applied to identify the strongest predictor of manufacture problem on challenges. The measure of strength of association in the regression analysis is given by the co-efficient of regression determination denoted by R square value is 0.363. The adjusted R square is to be 0.354 which display that 35.4 percent of the influence on the level of challenges. The F-value is 6.984 and P-value is 0.001 which is significant at one percent level. Hence above stated hypothesis is rejected. It is inferred that manufacture problems are significantly influencing on retailers. The corresponding p-value of these variables is significant at one percent. So, these variables significantly influence on retail business. Retailer's problems are expressed by the following equation.

Problems = 4.686 (constant) + 0.199 (brand confusion)-0.190 (poor promotion activities) – 0.216 (High MRP).

The equation explains that the brand confusion have positive impact on retail business. Whereas the poor promotion activity and high MRP have negative impact on retail business. To increase one unit of challenges the brand confusion increased by 0.199. However the poor promotion activity decreased by 0.190 and high MRP decreased by 0.216. Where other factors remain constant.

It is found that brand confusion have positive impact on the retail business. The poor promotion activities, high MRP have negative and significant impact on the retail business. This findings are supported by Kumar (2011) ^[4] studied on the strategies of unorganized retailers with reference to consumer durables and found that a product strategy which means merchandise is the most important factor followed by price, distribution and promotion and Vetrivel (2017) examined other problems of retailers such as customer based problem, marketing problem and financial problem have influenced the retail business.

Conclusion

It is noted that manufacture problems significantly and positively as well as negatively influence on challenges of retailers. Brand confusion has positive impact on the retail business. The poor promotion activities, high MRP have negative significant impact on the challenges. There should be various policies regarding changes made like replacement of expired stock made more liberal and flexible, Retailers should provide adequate feedback to the companies regarding promotion, MRP and brand confusion. This helps the companies in formulating appropriate marketing strategies according to the Market conditions.

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