ABSTRACT

The biggest challenge in front of the traditional intermediaries is buying behaviour of customer in current digital era. This behaviour is inculcating the new trends and new approaches to reach customers. This situation is pushing the traditional intermediaries perform or perish against organised retail and e-commerce websites.

Our paper will through a light on the challenges, opportunities & suggestions which makes traditional intermediaries alive in the market.

Keywords---- Traditional intermediaries, Digital era, Organised retail, E-commerce

I. INTRODUCTION

A traditional list of immediate "basic needs is; food (including water), shelter, clothing. If they are available to customer they are happy with that but the current trend is not ending with the list above mentioned. It should add with another technical innovation for this digital decay i.e. smart phone.

Now it is neither a status symbol nor luxury electronic gadget. It is a basic need of a person. We are so attached to our mobile phones that it is difficult to pull on without it. Without Mobil phone set we find ourselves incomplete. We do not home without mobile set, any case we forget it to carry with our whole day exercise of business, and personal or social get disturbed. It is used in conveying congratulations or condolences to a friend, booking air ticket; booking home used cooking gas, calling a mechanic for the car etc. Think the area, which is not covered by the mobile phone.

Mobil phone is playing an important role in modern life. Without a mobile, a business is next to impossible, and then only businessman should keep it to carry out their business, but a big NO!

The online retail sector is completely dependent on the internet. As more and more people in India are getting connected to the internet, the sector is getting a huge shot in the arm. Though the rate of internet penetration in the country is among the poorest in the world, the number of those connected is rising rapidly. An IAMAI report had already mentioned India crossing the 300 million user mark last year and is expected to touch the half a billion mark by 2016.

Leading research firm e Marketer predicts the retail ecommerce sales in India will grow at a phenomenal rate during the CY 2015 and touch $7.69 billion. That would be a huge leap from the $5.30 billion sales made by this sector in the year just ended, and an impressive increase of 45.2%. 

The Indian retail industry has presently emerged as one of the most dynamic and fast paced industries as several players have started to enter the market. It accounts for over 10 per cent of the country’s gross domestic product (GDP) and around eight per cent of the employment in India. The country is today the fifth largest global destination in the world for retail.

India’s retail market is expected to double to US$ 1 trillion by 2020 from US$ 600 billion in 2015 driven by income growth, urbanisation and attitudinal shifts, highlighted the Boston Consulting Group and Retailers Association of India’s report titled, ‘Retail 2020: Retrospect, Reinvent, Rewrite’

India is expected to become the world’s fastest growing e-commerce market on the back of robust investment activity in the sector and the rapid increase in internet users. It is expected that India’s e-commerce market will grow from US$ 2.9 billion in 2013 to over US$ 100 billion by 2020.

E-tailers are betting on more Indians switching to shopping online, with a projection of 200 million new consumers by 2017, according to a report released last year by Accel India. 

Flip kart had to face much embarrassment when its "Big Billion Day" October 6, meant to attract online shoppers with steep discounts, crazy deals and lucky draws on a range of products, boomeranged as its website crashed and social media was abuzz with allegations of cheating against the company.
Flipkart apologised to the people for the inconvenience. But it also announced that it had got a billion hits and sold products worth $100 million (Rs. 600 crores) that day including some 500,000 mobile phone handsets, an equal number of clothes and some 25,000 TV sets within minutes of starting sales at 8am.

This set the regular retailers thinking and fuming as well.

The Confederation of All India Traders, an umbrella body for regular retail trade industry, cried foul and urged the commerce ministry to regulate the e-retail business, look into their trade practices, which they alleged were not exactly as per rules, and create a level-playing field.

But some leading industry chambers cautioned against over-regulation and the matter died down.

A McKinsey study claims retail productivity in India is very low compared to international peer measures. For example, the labour productivity in Indian retail was just 6% of the labour productivity in United States in 2010. India's labour productivity in food retailing is about 8% compared to Brazil's 14%, while India's labour productivity in non-food retailing is about 8% compared to Poland's 25%.[44]

Total retail employment in India, both organised and unorganised, account for about 6% of Indian labour work force currently - most of which is unorganised. A complete expansion of retail sector to levels and productivity similar to other emerging economies and developed economies such as the United States would create over 50 million jobs in India. Training and development of labour and management for higher retail productivity is expected to be a challenge.36

H0: Traditional intermediaries are not growing
H1: Traditional intermediaries are growing

Literature review:

II. HISTORY OF RETAIL IN THE WORLD

According to world history, the Romans are the first civilization to establish a sophisticated form of retailing. Numerous small shops were set up with centres. In fact, ancient ruins indicate that the world's first department store was in Rome!! With the fall of this empire, retailing disintegrated. By the 12th century artisan and tradesmen began to organize into "guilds" and opened up small shops. They helped them gain social and economic advantages.

American retailing institutions originated after 1850. It is the first country to start retailing. After that, department stores became important. For example, Richards was established in Atlanta in 1867 by 4 Hungarian immigrants. Simon Lazarus, an immigrant from Poland, opened a men's clothing store in Columbus, Ohio in 1851.

As department stores grew in cities, Rural citizens made use of catalogs from mail order houses. This allowed them to get the goods they needed without the hassle of travelling long distances into the city. From here, chain stores evolved. Technology improved. The Internet boomed! The rest is the making of history!

III. TYPES OF RETAIL STORES

Both organized and unorganized retailing is found in most countries throughout the world. India and China are strong examples of countries in which unorganized retailing dominated their markets. Today these countries have a growing economy because of the influx of organized retailers into their markets.

In any country, particularly in developing & underdeveloped countries, we can fine 3 types of retail like

1. Organized Retail- Owned by a private or Govt. sector based on certain systematic principles. They have license to sell the products and abide by the rules and regulation of govt.

2. Unorganized Retail- They are owned by a private individual & based on the principles, but not owned by any private company.

3. Grey Marketers- These are unauthorized small stores which are owned by any private individual. They do not have a particular shop. These stores are a biggest threat to both organized & unorganized retailers. Ex-Roadside small sellers.

In the developed economies, organized retail is in the range of 75-80 per cent of total retail, whereas in developing economies, the unorganized sector dominates the retail business. The share of organized retail varies widely from just one per cent in Pakistan and 4 per cent in India to 36 per cent in Brazil and 55 per cent in Malaysia Modern retail formats, such as hypermarkets, superstores, supermarkets, discount and convenience stores are widely present in the developed world, whereas such forms of retail outlets have only just begun to spread to developing countries in recent years. In developing countries, the retailing business continues to be dominated by family-run neighbourhood shops and open markets. As a consequence, wholesalers and distributors who carry products from industrial suppliers and agricultural producers to the independent family-owned shops and open markets remain a critical part of the supply chain in these countries’.

IV. RETAIL IN INDIA

The origin of retailing in India can be traced back to the emergence of kirana stores, mom & pop stores. These stores used to cater local people. Eventually the Govt. of India supported the rural retail & many retail shops come with the help of KHADI & VILLAGE INDUSTRIES COMMISSION. The first few companies come up with retail chains were in textile sector in the year 1980. The companies are Bombay Dyeing Kumar's, Raymond's etc. Later Titan launched retail show rooms in organized sector. If you will follow the above examples, there are great changes occurring in
The retail industry is moving from an unorganized one to a organized one.

The growth of the retail trade in India is associated with the growth in the Indian Economy. Gross domestic product (GDP) grew by an annual rate of 8 per cent. The international consulting firm, A.T. Kearney, annually ranks emerging market economies based on more than 25 macroeconomic and retail-specific variables through their Global Retail Development Index (GRDI). For the last three years (2005, 2006, and 2007) India has been ranked as number one indicating that the Country is the most attractive market for global retailers to enter. The high economic growth during the last few years raising disposable incomes rapidly, favourable younger population with less dependency, and demographics placing incomes on urbanization are some of the major factors fuelling the Indian retail market.

V. ADVANTAGES OF UNORGANIZED RETAIL

1. Employment Impact- According to ECR report, unorganized retail outlets employ more family labour than hired labour; on an average they employ 1.5 persons per shop from the family, and hired employees of 1.1 persons in India. It is a way of livelihood for Indian people.

2. Location Advantage for the Unorganized Retailers- Location is a comparative advantage for unorganized retailers as the mean distance to the residence for consumers at unorganized outlets is 1.1 km compared to 2.6 km for consumers at organized outlets. A majority of consumers walk to traditional retailers because it is convenience to reach.

3. Credit Facilities- Consumers get credit facilities in small unorganized retail stores and can make a deferred payment which is not possible in organized retail stores.

4. Purchase of small quantities- It’s a typical attitude of Indians to purchase in small quantities of various goods which they can purchase from small shops than organized retail stores.

Traditional vs. organised, ecommerce

VI. RESEARCH METHODOLOGY

The research design is empirical study in nature. This study gets the deeper insight of the problem.

The sample size refers to the number of items to be selected from the universe to constitute the universe.

VII. ANALYSIS AND DISCUSSION

For the above survey data, the Pearson chi – square statistic is 42.73 (with p value of .000) and the likely hood ratio is 56.50 (which is p value is 0.000), so with an alpha level of 0.05, we can conclude that there is a significant association between age of the customer the process of buying the product with different sources of buying the product like retailer, organised retailer and e-commerce.

The above data the Pearson chi-square statics is6.449 (with p value of .092) and the likely hood ratio is 6.837( which p value is .077), so with alpha level of 0.05 , we can conclude that there is no significance association is there  between customer gender and where the customer will prefer to buy.
• 40% of the customers is feeling Price at the retailer shop is higher than e commerce and 20% of customers is highlighting that costly compare to organised retailer

• There are 30% of customers will prefer to purchase computers at near retailer shop (traditional intermediaries) but the contribution of the branded retailer shop and e-commerce is more than 50% in the market, this is the key focus area to improve the traditional retailer

• 39.8% of customers will collect information from internet before buying the product and 25.2% customers will prefer asking friends before purchasing the product traditional retailer has to concentrate more on this area to catch the 65% of market is located.

VIII. CONCLUSION & SUGGESTIONS

1. Traditional retailer should concentrate more on tailored solutions which satisfies the customer need which e-commerce and organised retailer will not provide. usp point for him

2. Customers are feeling the price of the product is high at retailer place traditional retailer is need to concentrate more on this point. Concern point to concentrate more..

3. Though Indian customer prefer the traditional intermediaries but the organised and e-commerce retailers are growing in rapid pace. traditional intermediaries should accept the cash on delivery policy, 30 days return policy if customer is not happy with the product performance (reason should be genuine and precise)

4. Traditional intermediaries should go with trend like adding up their business promotions through the digital technology by reaching more customers through the mobile phones via sms or by other ways of mode to reach customers

Limitations

1) This study is limited to only IT Hardware market

2) This is limited to purely on customer prospective.

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