

# Impact of Shopping Malls on Small Retail Outlets-A study in Kollam city, Kerala

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Received: May 21, 2018

Accepted: July 04, 2018

## ABSTRACT

*This paper discusses about the impact of shopping malls on small retail outlets in kollam city. Shopping malls are becoming a symbol of fashion and a new life style among the new generation. So now the shopping malls contribute to business more significantly than the other types of unorganized sectors. Shopping malls attract buyers and sellers, by providing different choices as well as a variety ways of shopping experience. Shopping in malls is undergoing a dramatic change. A strategic competition is existing among the small retails and malls to attract the customers. Shopping is now becoming a necessity, and it is a way of life style. Consumers are finding it easier to shop at malls where a wide range of choices. On the other hand, lack of sufficient capital, poor literacy, knowledge, absence of strategic decision and lack of application of modern technique are the weakness of the existing small retails. Both the primary and secondary data are used for receiving the information. The customers are more attracted towards the malls and it is becoming a serious threat to the small retails.*

**Keywords:** Shopping malls, Small retail outlets, Customers

## INTRODUCTION

A shopping mall is one or more buildings forming a complex of shops representing merchandisers, with interconnecting walkways enabling visitors to walk from unit to unit. A shopping arcade is a specific type of shopping precinct which is usually distinguished in English for mall shopping by the fact that connecting walkways are not owned by a single proprietor and are in open air. Malls are an easy and convenient addition to society. With the presence of multiple stores in the same location, consumers can buy their material needs and wants without leaving the single overarching structure. Malls, however, are a symbol of materialism and are able to generate a wealth of capital simply by displaying itself as a social hub. Many corporations place their retail stores in malls because of the large numbers of people visiting malls on a daily basis. Attractive window displays, customer greetings, and special mall sales all play a part in luring customers into spending money. Malls often house well-established franchises, eliminating competition from small businesses. As malls become larger, they reduce the customers' needs and desires for stand-alone stores, causing them to shop at malls where they are likely to purchase items they did not intend and thus spend more money. By bringing together popular franchises and chains, malls show the consumer what they should want and buy in order to elevate their social status and appearance. One controversial aspect of malls has been their effective displacement of traditional main streets.

Many early shopping arcades such as the Burlington Arcade in London, the Galleria Vittorio Emmanuelle II in Milan, and numerous arcades in Paris are famous and still trading. However, many smaller arcades have been demolished, replaced with large centers or "malls", often accessible by vehicle. Technical innovations such as electric lighting and escalators were introduced from the late 19th century. From the late 20th century, entertainment venues such as movie theaters and restaurants began to be added. As a single built structure, early shopping centers were often architecturally significant constructions, enabling wealthier patrons to buy goods in spaces protected from the weather. Including movie theaters and restaurants are also often included. The concept of a "mall" or bazaar with numerous shops located in one area, possibly covered, has a long history and has served all segments of society well. The advent of large shopping areas located out of the city. Small store owners, unable to pay the higher rents charged at new malls suffer loss of customers. Consumers, while finding the large shopping malls convenient, may find the abundance of goods tempting and spend more than their budget allows. Thus, as with all developments in technology, the shopping mall can be used for good or ill, and the final outcome depends more on the motivations of those involved than on the physical structures.

Malls are seen as more convenient than public streets, with their spacious parking garages, well-maintained walkways, and private security guards. Recent studies which shows the adverse and favourable effects of malls on retail outlets contradicts each other. The shopping mall evolved into an important social center. Its draw stemmed not so much from special events as from the fact that probably no other place on the

metropolitan periphery was so conducive to interaction among numerous groups of people. Adolescents found the mall to be an incomparable place to sample the goods advertising so aggressively portrayed, but also to see and be seen by their peers. Parents tended to regard the mall as a safe haven for offspring too restless to stay at home. Elderly men and women also found the mall an agreeable place to rendezvous with friends and to make new acquaintances without spending much money or making advanced commitments. Many ages in between still came to the mall primarily to shop but found the scene appealing. Aside from sports arenas, houses of worship, and amusement parks, the shopping mall became one of the few places where sizable numbers of people congregated on a regular basis. Unlike those other places, going to the mall required neither an admission fee nor participation in a prescribed ritual. The mall offered complete freedom—to socialize or remain anonymous, to indulge or abstain, to circulate extensively or proceed to a single destination. However, there is strong evidence substantiating the claim that shopping malls have a detrimental impact on unorganized retail outlets.

Kollam city is witnessing a massive infrastructural development on various fronts. The heritage of this region has also attracted a lot of investment both from the local investors as well as the outside investment. Shopping in Kollam is a delightful and unique experience. There are many markets and malls located in the city of Kollam in the southern regions of India. Shopping in Kollam would be incomplete without buying some medicinal herbs. The centres of shopping in Kollam provide a wide range of options to select from. The city is among the most famous ayurvedic centres in the southern regions of Indian sub continent. The RP Mall is a shopping mall in the city of Kollam, Kerala, Owned by one of the business tycoons in India, Dr. B. Ravi Pillai's RP Group. RP Mall was formerly known as K-Mall (Kollam Mall) and was the first mall venture from Malabar Developers and first of its kind in South Kerala. Kollam was the third city in Kerala (after Kochi and Kozhikode) to adopt the shopping mall culture. The 210,000 sq.ft Mall is located on Kollam's high street. RP Mall has about 100,000 sq.ft. of retail space, spread on seven floors. The H&J Mall is a shopping mall in Karunagappally in Kollam Metropolitan Area. The mall is owned by the NRI business man from the Karunagappally, Mr. Hameed Kunju. The Mall is standing on the centre of the bustling trading town Karunagappally. It is the second shopping mall in Kollam Metropolitan Area. The 210,000 sq ft (20,000 m<sup>2</sup>) 10-story mall is one of the important shopping destinations in Karunagappally. There are two malls taken into consideration in this study which represent the city of Kollam in a geographical manner.

### RESEARCH PROBLEM

Shopping malls in Kollam city has a serious impact on small retail business. Retail business is the source of survival to the considerable sections of the community in the Kollam city, as they contribute income generation and employment in the areas. Increased competitions from shopping malls, is seriously affecting the retails. Malls have huge capital, labour and other infrastructural facilities. Therefore it is important to understand the impact that 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 Kollam city.

### HYPOTHESIS

Shopping malls have adversely affected the functioning of nearby small retail outlets in kollam.

### OBJECTIVES OF THE STUDY

- ❖ To identify the socio-economic profile of the selected unorganized retailers.
- ❖ To identify the impact of shopping malls on the sales and profits of the retailers.

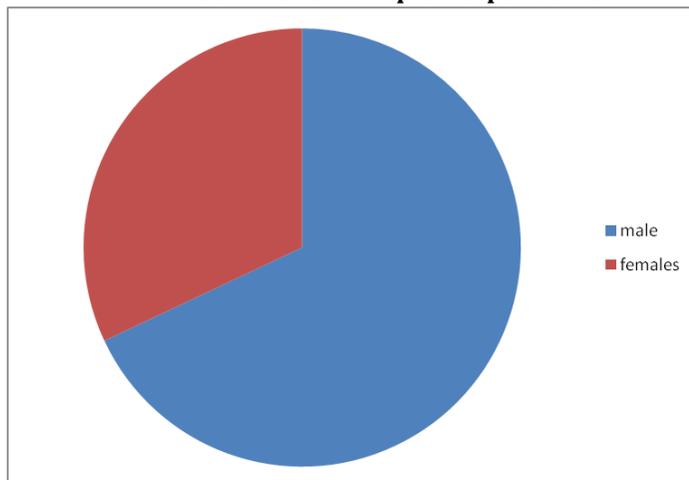
### METHODOLOGY

The study is both descriptive and analytical in nature. The impact of shopping malls on small retail outlets forms the descriptive part of the study. Primary data is collected from owners of retail outlets in Kollam city with the help of a questionnaire. The retail outlets form the respondents group. The respondents have been chosen with the help of sampling technique. Secondary data is collected from literature reviews falls under articles from journals, magazines, newspapers and information from the websites.

### ANALYSIS AND INTERPRETATION

Empirical evidence relating to the impact of shopping malls on small retail outlets is discussed.

**Figure 4.1**  
**Sex wise breakup of respondents**



(Source: Surveyed data)

**Interpretation:**

From the above pie chart, 32% of respondents are female and 68% are males

**Table 4.1**  
**Age wise breakup of the respondents**

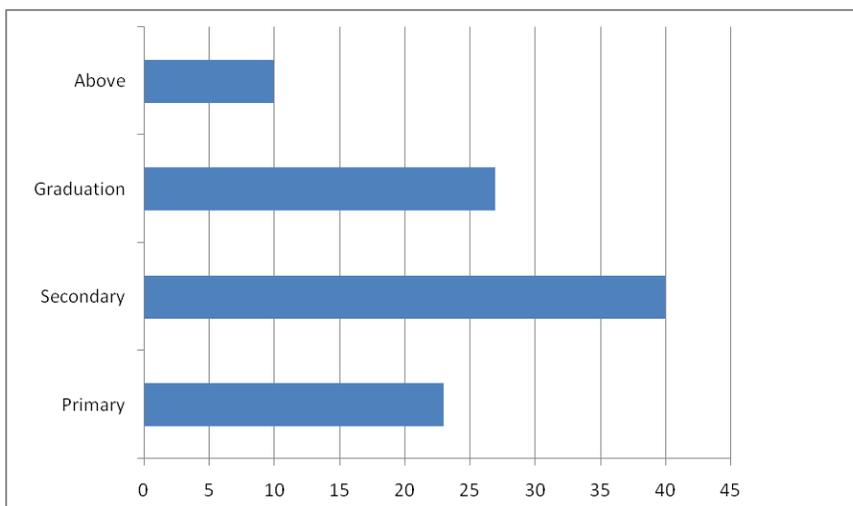
Age group	Respondents	Percentage
Below 40 yrs	4	8
40-50	14	28
50-60	10	20
60-70	16	32
Above 70	6	12
Total	50	100

(Source: Surveyed data)

**Interpretation:**

From above table, 8% of the respondents are of below the 40 years group, 28% are in the age group of 40-50 years, 22% in the age group 50-60 and 14% above 70 years.

**Figure 4.2**  
**Educational Qualification of the respondents**



(Source: Surveyed data)

**Table 4.2**  
**Response regarding number of regular customers**

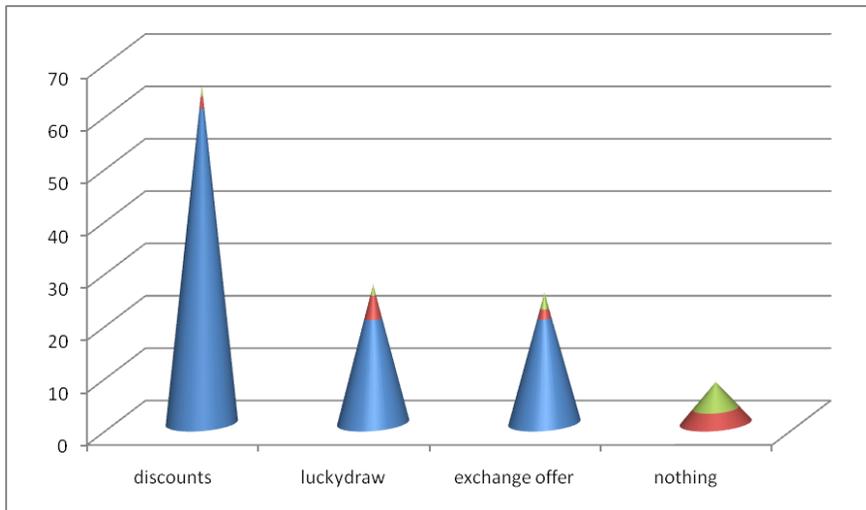
Age group	Percentage
Below 35	30
35-40	50
Above 40	20

(Source: Surveyed data)

**Interpretation**

The above table shows that 8% of the respondents are of below the age group of 40 years, 28% are in the age group of 40-50 years, and 22% are in the age group 50-60 and 14% above 70 years.

**Figure 4.3**  
**Special programs to attract customers**

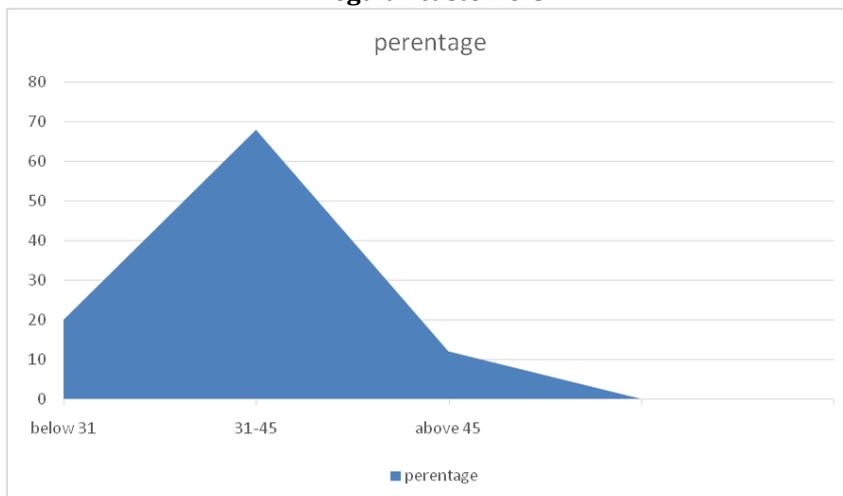


(Source: Surveyed data)

**Interpretation**

The above graph shows that about 40% of the retail outlets owners provide discounts to customers, 20% offer lucky draw, 30% introduces exchange offers and only 10% do not provide any programs to attract customers.

**Figure 4.4**  
**Regular customers**

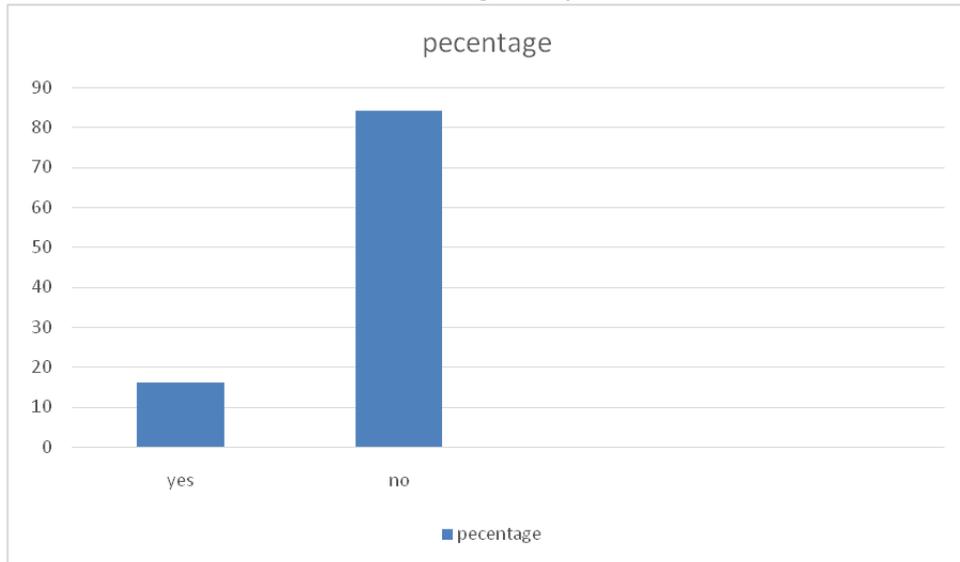


(Source: Surveyed data)

**Interpretation**

The chart shows that about 68% of the outlets have regular customers about 31-45 number, 20% have number below 31, 12% have above 45customers.

**Figure 4.5  
Parking facility**

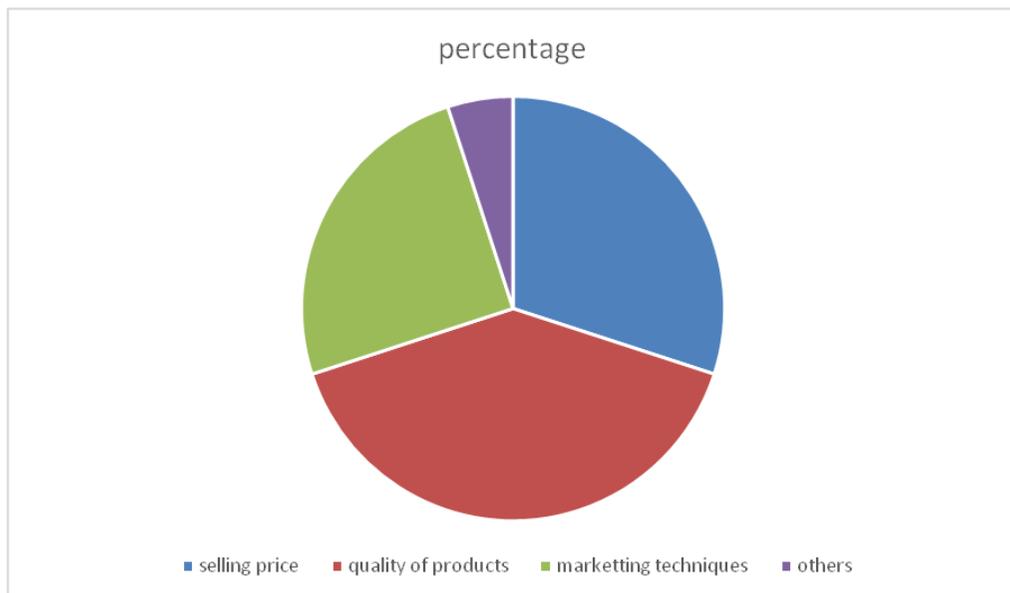


**(Source: Surveyed data)**

**Interpretation**

The above chart shows 16% of the outlets provide parking facility whereas 84% do not.

**Figure 4.6  
Areas where changes are brought in as recommended by customers**

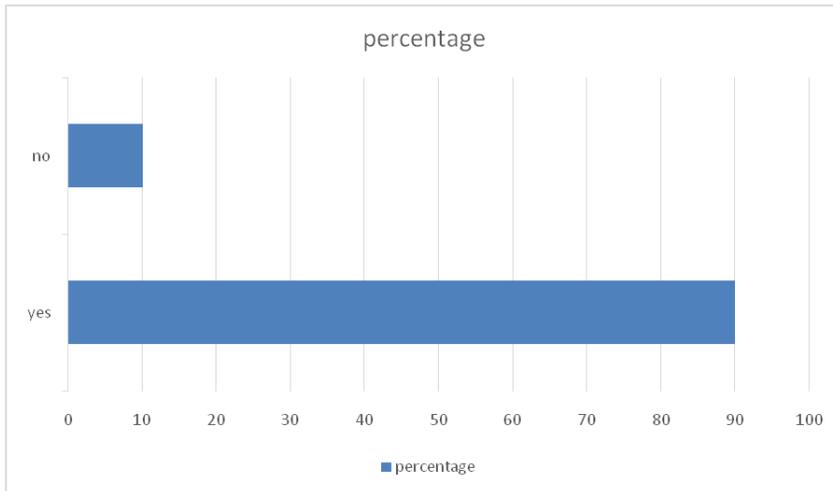


**(Source: Surveyed data)**

**Interpretation**

The pie chart shows that 40% of retail outlet owner’s brings about changes in the brand of products in accordance with the feedback of consumers, 30% in selling price.

Figure 4.7  
**Opinion about shopping mall**  
**Profit oriented**

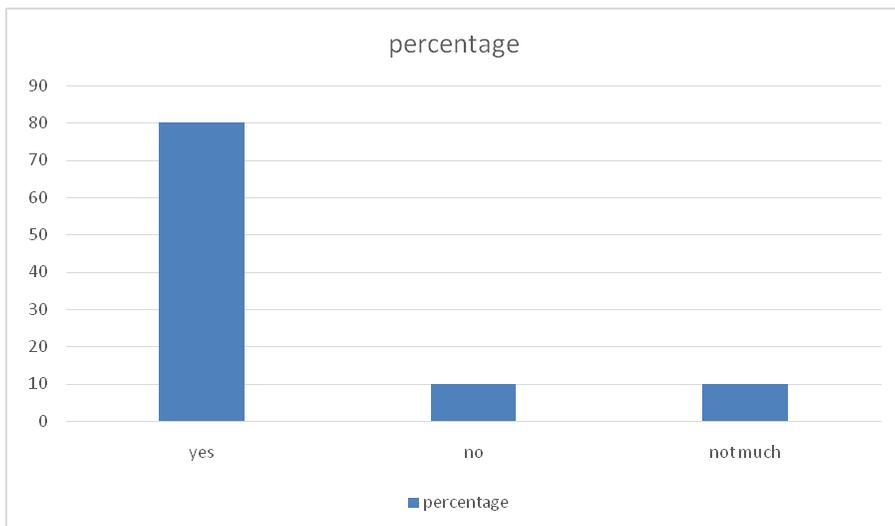


(Source: Surveyed data)

**Interpretation**

The chart shows 90% are of the opinion that malls are profit oriented.

Figure 4.8  
**Only sell high valued products**



(Source: Surveyed data)

**Interpretation**

About 80% are of opinion that malls sell high valued products, whereas 10% opinioned not.

Table 4.3  
**Is it affordable to low and middle income people**

YES		NO	
Number	percentage	Number	percentage
15	30	35	70

(Source: Surveyed data)

**Interpretation**

The table shows that 70% of the respondents are of the opinion that mall products are not affordable to middle income people.

**Table 4.4**  
**Effects of shopping malls on various grounds**

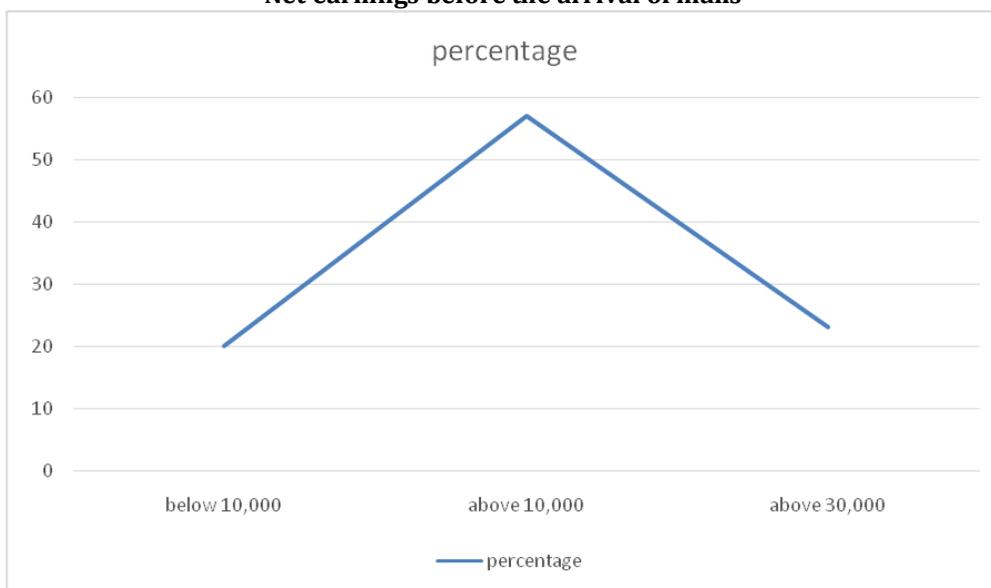
Components	Yes	No
Reduction in customers	64	36
Reduction in sale	80	20
Reduction in income generation	72	28

**(Source: Surveyed data)**

**Interpretation**

The table shows opinion regarding effects of shopping malls in the reduction of customers, sales and income generation, where 64%, 80%, 72% go in support respectively.

**Figure 4.9**  
**Net earnings before the arrival of malls**



**(Source: Surveyed data)**

**Interpretation**

The line graph shows the earnings of outlets owners before arrival of malls where 57% have above 10000, 23% above 30000, and 20% below 10000.

**Table 4.5**  
**Present monthly net earnings**

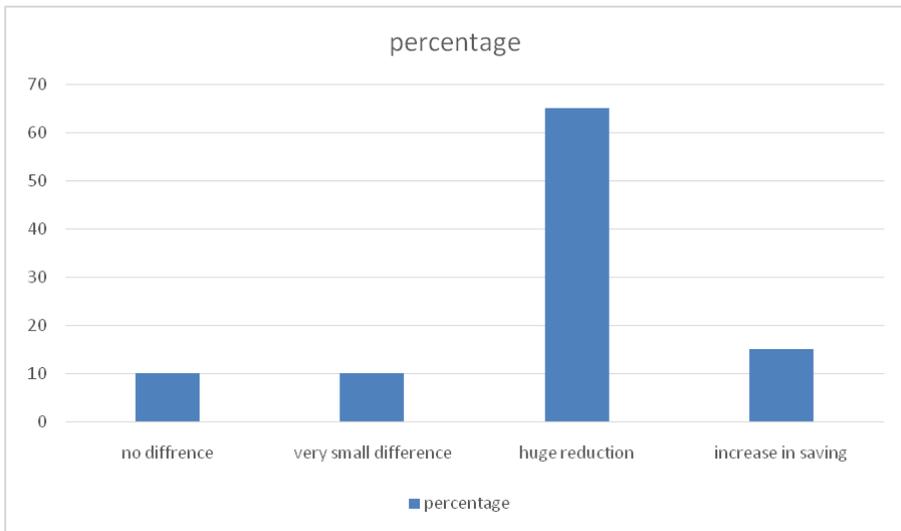
Earnings	Percentage
Below 10,000	45
Above 10,000	42
Above 30,000	13

**(Source: Surveyed data)**

**Interpretation**

The table shows the earnings of the retail outlets owners after the arrival of malls where 45% earns below 10000, 42% above 10000, and 13% above 30000.

**Figure 4.10**  
**Savings after arrival of malls**

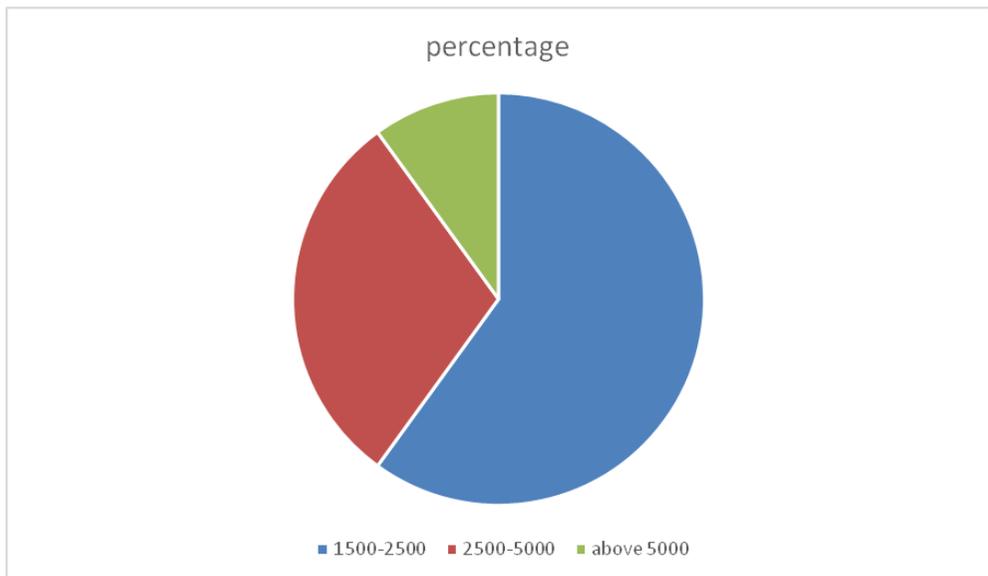


**(Source: Surveyed data)**

**Interpretation**

The graph shows that about 65% opinioned that there is a huge reduction in the savings

**Figure 4.11**  
**Monthly salary provided to employees**

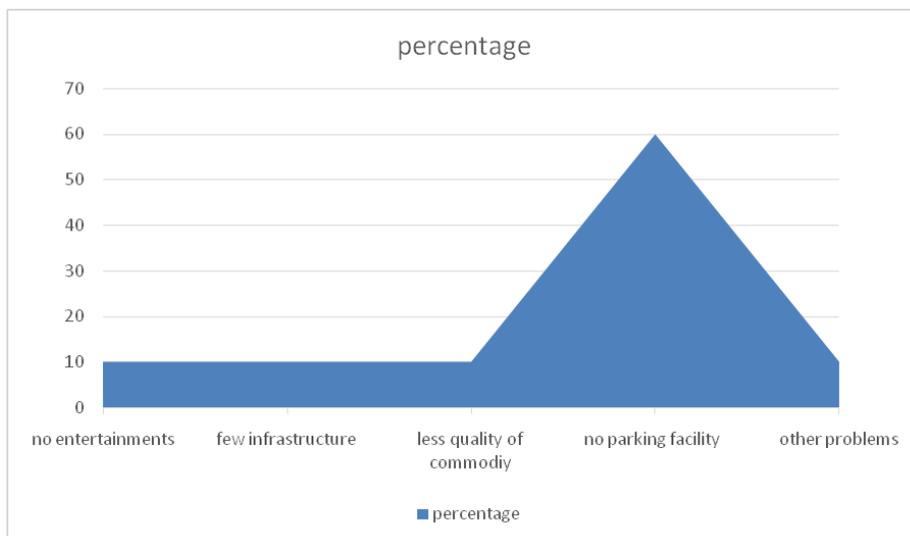


**(Source: Surveyed data)**

**Interpretation**

The pie chart shows that about 60% of them pay salary in between 1500-2500 to employees, 30% pay 2500-5000, and 10% pays above 5000.

**Figure 4.12**  
**Problems retail owners face**



(Source: Surveyed data)

### **Interpretation**

The chart shows that about 60% of the retail outlets owners face lack of parking facility, while others are only of a negligible percentage.

### **FINDINGS, SUGGESTIONS AND CONCLUSION**

The major findings of the study are as follows:

- The overwhelming majority of the respondents are male (68%). This is purely because of the regional influence of this society which discourages the female participation in the market particularly shop keeping.
- 60% of the sample holds graduation.
- The analysis reveals that 50% of the respondents are of the age group of 30-45 and 16% are above the age group of 45 years, which again reflects that the overwhelming majority (82%) young generation.
- Around 90% of the respondents hold education above SSLC.
- The study reveals that malls have much adverse impact on the sales and profitability of the respondent shopkeepers.
- The study reveals that the net earnings of the small shops have decreased after the arrival of the shopping malls.
- 65% of the small shopkeepers have huge difference in their saving pattern and also there is no increase in their gross savings.

### **SUGGESTIONS**

- Proper law should be maintained to protect the small retailers.
- It is the responsibility of the authority to maintain the details of small retailers.
- Licensing procedures should be done effectively to avoid unnecessary problems.
- Assistance or aids for the small retailers helps them to maintain a decent standard of living.
- We should buy things from the small retailers which help to increase the daily earnings of retailers.
- Awareness should be given to youth because they are much attracted by the advertisements given by the shopping malls.
- Physically handicapped small retailers should be given assistance by the authority.

### **CONCLUSION**

Shopping malls have an adverse effect on the small retail outlets. The findings in the study give the evidence that supports the hypothesis. Shopping malls are using different strategies to attract buyers and sellers those who are the customers by providing varieties of factors. After the arrival of malls the net earnings of

small shops have declined. They are not receiving income sometimes to satisfy the needs. More than 50% of the small shopkeepers have huge decline in their savings. Thus the result of the study agrees that, the shopping malls have adverse effects on the functioning of nearby small retail outlets in Kollam city. The opinion of the respondents and the findings of the study give strong support to the conclusion that shopping malls have lead to an adverse impact on the unorganized retail outlets in the city.

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