

CHAPTER EIGHT

C O N C L U S I O N

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### Conclusion

Under the different Development Plans, Industries in our country are expanding in order to replace the important consumer goods by home made products. If the increased volume of production of these industries are not disposed off ~~or~~ production can be reduced nor the present cost of production be maintained. The present study envisages an assessment of the present day retailing in the country with respect to structure, functions, their problems and efficiency. The scope of the study is, however, limited to Siliguri only for practical consideration.

Smallness of operation and individual ownership of retail stores are the main features of retail trade in Siliguri. The retail marketing of manufactured consumer goods in Siliguri is done primarily on small scale. The retail stores are predominantly owned by sole traders. But in industrially advanced economy the number of sole traders engaged in retailing are much less than those in underdeveloped or developing countries. As for example, in the U.S.A. about 7 per cent of the retailing facilities are owned by individual proprietors.

Retail store owners in Siliguri are individuals or firms majority of whom do not have any other type of business enterprise. Very few of them have branches.

Majority of the shops are run either by the owner alone or with assistance from some of the members of the family. Retail stores show long working hours. This is in a sense waste. The western experience seems to be much shorter working hours for the shops, particularly where large scale retailing is done. Probably with increased employment of salaried staff this element of waste will become more conspicuous although at the present moment, the proprietor retailer keeps the shop open for very long hours partly because his alternative use of time is very little.

Most of the retail stores are new. Small number of old retail shops in Siliguri may be due to the fact that many of the shops established around 1947 probably do not exist at present. The significance of the fact, however, is that most of the retail shops are new and that they are likely to be inexperienced in marketing methods as a result of which their costs are likely to be high.

The wholesalers and other sources of supply for retail goods, it seems, are in a more advantageous position than the retailers who have to contact the sources and obtain goods from there by personal visit. This invariably increases retailing cost in Siliguri, since the retailer has to incur all the expenses for a personal visit besides loss of time. The situation needs to be improved particularly when the retailers think that improving the arrangement for the supply of goods to them is more useful than allowing them a greater margin.

Retail business is financed mostly by the retailers own fund. Borrowing from Banks and credit from Suppliers are also two important sources of financing of retail trades. Retailers also collect capital of the business by occasional borrowings from friends and relatives. Lack of capital has been reported by the retailers as their major worry. This may limit the capacity of the retailers to extend credit facility to their customers.

There is a seasonality in retail business in Siliguri. The peak season starts from October and continues upto March. Almost all the retailers stated that the peak season is due to dry weather, better conditions of roads, harvesting

season, marriage and festivals like Durga Puja, X-Mas Day and Dewali. The rural population enjoy more liquidity during this period and is stated to be in the habit of paying visits to ~~markets~~ the nearest town which is a bigger market than local ones. Even the urban population during this period enjoy more liquidity because either they do not have to remit money to their homes in villages or they receive money from home. This increases the bargaining activity of the entire population. The general decrease in price level of food articles like rice, vegetables, fish, egg, milk, etc. is another factor that probably helps to increase buying capacity in the peak season. In the opinion of the retailers they would be able to sell more of the goods if only the present quality of the manufactured goods is improved. They attach greater importance to quality improvement of the goods than on an increased margin for themselves as a condition of their success in retailing.

When considering the opinion and buying habits of the consumers of Siliguri, we had to bear this point in mind that bulk of them have to put up with much less income than is found in the Western World where the similar goods may be consumed with far more ease. Because such expenditure constitute a relatively smaller proportion of the total income

in the advanced countries. For instance in the U.S.A. expenditure on food constitutes only about one-fifth of the total disposable income. (P.D. Converse : Elements of Marketing P-52).

It appears that making purchase decision is largely a matter for the male member of the family. This appears somewhat ~~same~~ contrary to the present day experience to the Western World, where researches indicate that purchase decisions for such articles rest mainly with the housewives. However, it is reported by the retailers, particularly of Bidhan Market, that the number of female consumers are gradually increasing. This may be taken as an evidence of what is likely to happen in future with increased urbanisation and increased income of the population. The marketing significance at the moment of this data, however, is that it is the husbands who need to be persuaded and motivated if the goods are to be sold. The trend may be reversed in future.

Evening appears to be a very popular time for shopping for non-perishable consumer goods in this country. This is contrary to western shopping habits where most of retail shops are closed down in the evening. This pattern appears

to be fairly reasonable as climate of Siliguri makes morning and evening as hours suitable for out-door movements. In view of the fact that it is the menfolk that do most of shopping who keep busy in the morning hours in the performance of their employments, it is quite reasonable that evening shopping should be relatively more popular. The marketing significance of this, however, is that retail shops would have to keep open at night increasing their electricity cost and as a matter of advantage employing people in the evening who can do some other work rest of the day.

It appears that our consumers have a fair degree of loyalty towards particular retailer. On the average about 66 per cent of our respondents admitted that most of the time they went to a particular retailer known to them (See Table 21C). In fact in an expanding economy like ours, where new shops and new shopping areas are going up rather rapidly this high loyalty of consumers to the retailers appears to be a great advantage from the point of view of trade. Shop loyalty is something that is being promoted by large scale retailers in the Western World by means of tremendous amount of effort. As for example, through the issue of trading stamps, gifts, etc. (See Table - 21C).

It appears that bargaining is comparatively more popular amongst less educated people. With increased education preference for bargaining is found to decrease. Whatever may be said of the consumer, one thing is certain that our retailers are largely responsible for maintaining a condition that is favourable to this wasteful practice. For instance, most consumers felt that the price of the same goods now-a-days vary considerably from shop to shop. As long as the price of a standardised manufactured item is found to vary from shop to shop, the consumers cannot but have tendency of bargaining shopping. There is no doubt that the efficiency of our retailing could be increased if this situation was changed.

An efficient marketing system requires that consumers should be given correct advice and information by the retailers. But it seems that about one-third of the consumers have some kind of a lack of trust in their retailers as sources of information. (See Table - 31C). If the retailers are not able to improve upon this situation, the alternative, from the point of view of our national economy, would be direct promotion of market by the manufacturers themselves. The latter course is not very economic but it may be an inevitable necessity in future.



About 81 per cent of the consumers felt that retailers did not encourage consumers visiting their shops only for knowing what things are available and what are the prices. This is frustrating because in an expanding economy the supply creates its own demand by letting people know what is available and what is to choose. Making decision about a purchase involves time and thinking. If the consumers are not allowed this the alternative may be a greater saving boon for the retailer or for the manufacturer (See Table - 21C).

In the Western World consumers, particularly of shopping goods are welcomed to visit the shop although they may not purchase. About 89 per cent of the consumers felt that the retailers could make a better environment in their shop by displaying prices of the goods they sell which would eliminate unnecessary labour of telling prices to most customers who need time to make up their mind (See Table - 21C). In fact this is seldom done by our retailers and would greatly increase their efficiency if they do so. This would also make shopping more pleasant on the part of the consumers who are far from satisfied now with the hospitability they receive from the shops.

Retailer's expense include wages, rent, light, tax, transport and other charges. Since cost varies according to the area, size, location and ownership of the shop prices a general cost estimate for retailing is difficult. On the average about 15% per cent of the rupee spent by the consumer is retained by a retailer to cover his cost and profit, the rest being paid to the next intermediary or the manufacturer as the case may be. This estimate, however, is subject to various limitations. It appears that majority of the retail stores have income below the taxable limit. On the basis of the data obtained in the survey, it appears that on the average the net profit in retailing is about 17 per cent of the total invested capital. This return on the capital, however, does not seem to be large in view of the fact that the bulk of the retail establishments are owner-operated and their personal wages also come under the same heading. Net profit after meeting all the expenses on the average appears to be about 8.46 per cent on yearly turnover. A considerable variation on the retailer's margin is found from commodity to commodity and centre to centre. For example there is very high margin on fragile articles like glass, tea cups, etc.

The following factors are affecting the retailing efficiency in Siliguri

- (a). Lack of sales promotional efforts by the retailers like display of price tags. Complain from the consumers about absence of personal attention from the retailers and lack of price uniformity between the different stores.
- (b). Time consuming and expensive process of obtaining the supply.
- (c). Absence of institutional training facilities for the training of salesmen and institutional credit facility for the seasonal capital shortage.
- (d). Existing deficiencies in the transportation system also increases the cost and risk of retailing and thereby affects the retailing efficiency.

Lastly the findings of this study are presented below in a Table Form which reveals the nature, problems and various other aspects of retail trade of manufactured consumer goods in Siliguri.

Serial No.	Observation	Question No.	Table No.	Page No.
1.	Small ness of operation and individual ownership.	1 APP-I	1(R)	32
2.	Retailing stores are not very much connected with other industries and enterprises.	3 APP-I	3(R)	33
3.	Most of stores have no salaried staff. They are run by the owner himself.	4 APP-I	5(R)	33
4.	Retail stores show long working hours.	5 APP-I	4(R)	33
5.	The age distribution of retail stores shows a steady rate of growth.	2 APP-2	2(R)	34
6.	Wholesalers of Siliguri are the most important source of supply for the retailers.	11 AND 12 APP-I	22(R)	34
7.	Big retailers buy more from manufacturers than the small retailers.	6,7 AND 13 APP-I	13(R) AND 22(R)	35

Serial No.	Observation	Question No.	Table No.	Page No.
8.	Almost all the retailers have to go to the sources of supply to obtain the goods.	8 AND 9 APP-I	18(R2) AND 21(R2)	35
9.	Majority of the shops have capital not exceeding Rs.20,000.	9 APP-I	13(R)	36
10.	The ratio of fixed capital and circulating capital sums to be 25 : 75.	9 APP-I		36
11.	Retail business is financed mostly by the retailer's own fund.	9 AND 26 APP-I	14(R)	36
12.	About seventy per cent of the retail stores have monthly sales volume varying from above Rs.5,000 upto Rs.30,000 or more.	13 APP-I	6(R)	37

Serial No.	Observation	Question No.	Table No.	Page No.
13.	Retail sales is done primarily by cash and not by credit.	13 AND 15 APP-I	9(R)	37
14.	There is a seasonality in retail business in Siliguri Sales volume increase in winter.	19 APP-I	10(R)	38
15.	Sales increase towards the beginning of the month.	20(a) APP-I.	11(R)	38
16.	A make up on the purchase price is the widely followed price policy.	14 APP-I.	28(R)	38
17.	Improvement in the quality of the goods and in the arrangement of the supply of goods are the two important recommendations by the retailers for the manufacturers.	22 APP-I.	29(R)	39

Serial No.	Observation	Question No.	Table No.	Page No.
18.	The income of most of the families is not exceeding Rs.750 per month.	I APP-2	1(C1)	40
19.	Majority of the consumers purchase their necessary goods from within a distance of 2 kms. from their residence.	I AND 6 APP-2	33(C)	40
20.	Making purchase decision is largely a matter for the male member of the family.	3(a) APP-2	34(C)	41
21.	Most of the consumers buy goods as and when they become needed.	I AND 7 APP-2	6(C)	41
22.	Evening appears to be the most popular time for shopping.	20(g) APP-1	12(B)	42

Serial No.	Observation	Question No.	Table No.	Page No.
23.	Consumers are loyal towards a particular retailer.	10(2) APP-2	21(C)	42
24.	Price of goods differ from shop to shop.	10(C) APP-2	21(C)	42
25.	Very few consumers prefer bargaining.	4 AND 10(10) APP-2	16(C)	42
26.	Bargaining is comparatively more popular amongst less educated people.	4 AND 10(10) APP-2.		42
27.	About two-fifth of the consumers think that retailers are well informed about the quality of the goods they sell.	10(1) APP-2	21(C)	42
28.	About one-third of the consumers have lack of trust in their retailers as sources of information.	10(6) APP-2	21(C)	43



Serial No.	Observation	Question No.	Table No.	Page No.
29.	About four-fifth of the consumers feel that retailers do not encourage consumers visiting their shops only for knowing what things are available and what are the prices.	10(4) APP-2	21(C)	43
30.	Taxes and salary paid to employees constitute a small part of the cost of retailing.	12 AND 24 APP-2		45
31.	Net profit as percentage of total invested capital appears to be 16.94%. Net profit as percentage of annual sales appears as 8.46.	6 AND 23 APP-2		45
32.	Irregular supply of goods and lack of capital are the major causes of worry for the retailers.	27 APP-1	29(R)	49

Serial No.	Observation	Question No.	Table No.	Page No.
33.	Retailers have to incur higher cost when goods are in short supply.	18(a) APP-1.	27(R1)	50
34.	Prices are seldom displayed in show cases.	10(7) APP-2	21(C)	50
35.	Most of the consumers do not get personal attention.	10(11) APP-2.	21(C)	51
36.	Poor quality of the goods affecting retailing efficiency.	22(d) APP-1	23(R)	51
37.	Good relationship between consumers and retailers is lacking.	10(4) AND 10(11) APP-1.		52
38.	No institutional training facility is available for training up salesmen.	18(C) AND 27 APP-1.	27(R1)	52

Serial No.	Observation	Question No.	Table No.	Page No.
39.	A negligible part of the total invested capital is provided by banks.	28 APP-1	14(R)	53
40.	Demand is highest during the winter months.	19 APP-1	10(R)	53
41.	Retailers are to arrange additional capital during winter particularly before Puja.	20(C) APP-1		53
42.	Retailers afraid loss of goods in transit and troubles involved in transportation.	27 APP-1	29(R)	53
43.	Fixed capital requirement is proportionately high than that of circulating capital.	6 APP-1		54

Serial No.	Observation	Question No.	Table No.	Page No.
44.	Most of the retailers do not have any kind of insurance.	25 APP-1	8(R)	48
45.	About seventy per cent of the retailers do not make any advance payment to their suppliers.	10 APP-1	15(R)	104
46.	Very few retailers think that thefts take away a big portion of their gains generally.	19(b) APP-1	27(R1)	121
47.	Forty per cent of the retailers wish that their salesman should get training in their jobs.	19(c) APP-1	27(R1)	121
48.	Eighty five per cent of the retailers think that they have no problem of buyers. Their real problem is to get better supply of goods.	19(d) APP-1	27(R1)	121

Serial No.	Observation	Question No.	Table No.	Page No.
49.	According to more than half of the retailers goods are difficult to sell because of their poor quality.	18(e) APP-1	27(R1)	121
50.	About forty seven per cent of the retailers think that they have to charge different prices for different customers because some consumers prefer bargaining.	18(f) APP-1	27(R1)	121
51.	Only few retailers think that ladies as customers are more difficult to please their men.	19(g) APP-1	27(R1)	121
52.	More than seventy per cent of the retailers think that customers change their opinion too frequently which increases the risk of the retailers.	18(h) APP-1	27(R1)	121

Serial No.	Observation	Question No.	Table No.	Page No.
53.	More than 80 per cent of the retailers think that customers buy according to their own opinion. They are not influenced by the advice of retailers about goods.	16(I) APP-1	27(H1)	121
54.	Retailers are allowed a smaller margin for a product which is well accepted in the market.	18(J) APP-1	27(R1)	121
55.	Most of the retailers pay less than rupees hundred as monthly rent of the stores.	13 APP-1	31(R)	125
56.	Total number of members of the family of about 88 per cent of the consumers are eight or less.	3 APP-2	1(C)	127

Serial No.	Observation	Question No.	Table No.	Page No.
57.	Half of the consumers are either illiterate or have education upto Class IV or above Class IV but not matriculate. Remaining fifty per cent are either matriculate or graduate and above.	3 AND 4 APP-2.	11(C)	138
58.	About seventy per cent of the consumers are either fixed salary earners or wage earners.	2 AND 4 APP-2	11(C)	138
59.	Retail stores that are big and have many kinds of goods are the place where purchasing is most pleasant.	10(5) APP-2	26(C)	153
60.	Evening and morning is preferred by the consumers for shopping.	9 APP-2	27(C)	154
61.	Husband makes the shopping most of the times.	8(b) APP-2.	28(C)	155