

CHAPTER ONE

I N T R O D U C T I O N

CHAPTER ONEINTRODUCTION

The achievement in industrial field is really spectacular in India since independence. Under the different Development -- Plans there has been a considerable expansion in the industries manufacturing consumer goods within the country. We are no longer in a condition of retailing primarily imported manufactured goods. Many of the consumer goods manufactured to-day are replacing the articles that were formerly being imported.

Index of consumer goods production in India is given below. It indicates the rapid progress of this industry in our country.

Index of Consumer Goods

Production ( 1960 = 100 )

<u>Year</u>		<u>Index</u>
1961	....	106.6
1965	....	127.5
1969	....	145.3
1972	....	168.2

[ Source : Reserve Bank of India, Report on Currency & Finance 1973-74. ]

In these industries competition has been both inevitable and welcome. The retail marketing has a strategic importance for rapid expansion of our industries. Retailer is the specialist in selling. He is in direct contact with the consumer. He is, therefore, in possession of the vital information about what the consumers like and what the trend of the market is. Evidences in advanced economies indicate that with increased output and reduced cost of production, retailing cost is also on the increase. It is, therefore, important to know at this stage whether or not our retailers are capable of performing the services necessary in order to sell the increasing output from the industries in the country that we are striving to develop as quickly as possible. In technical language, therefore, we are interested in examining the structure, the functions, the costs and the efficiency of retailing of manufactured goods in this country. The scope of this study is, however, limited only to Siliguri.

#### NEED FOR THE STUDY

Efficient marketing of manufactured goods is essential for large scale productions. This calls for a study of the efficiency of retail marketing. The data from the field study was, therefore, collected to ascertain the problems faced by our retailers and the measures needed to solve problems to increase their relative efficiency. Our market is a " sellers " market.

Possibly for this reason this aspect of our economy has been very little studied in the past. But sooner or later we must ascertain the efficiency of our retailing system to help the manufacturers to boost up their production and to help them in improving the quality and reducing the cost of these goods.

\* The data relating to retail trade are scanty in our country. No attempt has yet been made to conduct any comprehensive field enquiry to obtain detailed picture of the retailing structure of Siliguri, a very fast growing city in Eastern India. It was, therefore, thought necessary to undertake an enquiry to collect the relevant data to study the problems of retail marketing of manufactured consumer goods.

#### OBJECTIVE OF THE STUDY

The intention of the research project is to attempt :

- (a). an appraisal of the organisation and operative condition of the retail stores.
- (b). an assessment of the problems faced by the retailers in their day-to-day business.
- (c). an analysis of the factors responsible for inefficiency in our retail trade and
- (d). also to assess the difficulties faced by the consumers in buying consumer goods and also how far the retailers were responsible for such difficulties.

SELECTION OF CENTRE FOR FIELD STUDY

It would have been ideal if we could study all the different enterprises in India engaged in retailing. But our limited resources will not permit to undertake such a big venture. So we decided to select a region which is representative in character. In this respect Siliguri is an ideal place. It is a fast growing city of Eastern India and is the Gate-way to Bhutan, Sikkim, Hill areas of Darjeeling District and Assam. The retailers of Siliguri not only supply goods to the large number of local consumers, they also sell goods to customers who come from Tea Gardens of Dooars area, nearby Hill areas of Darjeeling District, Nazalhari, Goruhathan, Phansidewa and villages of surrounding areas. The large number of army men of the Military Barracks of this area are also the customers of retailers of Siliguri City. One can have the idea of retail trade in India by studying the position of retail trade in Siliguri. For this reason we have selected Siliguri City as our centre for field study.

METHOD OF THE SURVEY

The survey was carried out on two separate questionnaires. The first one contains information on various aspects of retailing collected from retailers. These retailers were the ultimate sampling units for this questionnaire. The second questionnaire was used to collect information regarding buying habits and opinion of the consumer on certain relevant issues. Here a family was defined as persons living together under the same roof and

taking their meal from the same kitchen. The person interviewed was actually the head of the family or his wife. A head was -- defined as the person who makes decisions in the matter of purchases.

Retailing of manufactured goods is done in Siliguri in any one of the following ways :

- (a). Through a shop selling to consumers.
- (b). Through traders like hawkers, peddlers, etc.
- (c). Through temporary shops.

In urban areas the goods included in our study are sold more frequently in the shops known as Stationery Stores, but some of the inexpensive convenience goods like blades, toilet soaps, etc. may also be sold by grocery stores and Pan-Cigarette Shops. If we could include these grocery stores and Pan-Shops in our list, the number of shops would become too large. It would create a tremendous problems in constructing the sampling frames. Therefore, we excluded grocery stores and Pan-Shops from our list of retailers. We have collected information from one hundred retailers of Siliguri City. They were selected by lottery method under random sample survey. At first we made a list of retail shops dealing with manufactured consumer goods by door to door visit. They were numbered serially for lottery purpose.

We have collected information from the head of two hundred families of different areas under Siliguri Municipality. We followed the same principle in selecting the -- sample family. After collecting the names and addresses of inhabitants of Siliguri City from the Municipality of Siliguri, each of them was given a number. Then by lottery we selected two hundred sample families.

For field study purpose retail market of Siliguri City has been divided into four Zones, namely -

- (i). Bidhan Market.
- (ii). Hill Cart Road Market.
- (iii). Mahabirasthan Market and
- (iv). Retail Shops of other areas of the City.

The number of sampled shops of these Centres were as follows :

<u>Name of Zone</u>	<u>No. of Sampled Shops</u>
Bidhan Market ...	40
Hill Cart Road Market ...	30
Mahabirasthan Market ...	20
Other areas ...	10
	-----
TOTAL ...	100
	-----

Henceforth we shall describe these markets as  $M_1, M_2, M_3$  and  $M_4$  respectively. Here "M" means Market. Different number of sample shops for different markets have been selected on the basis of the number of shops of each market.

Siliguri City has been divided into four Zones - (i) East Zone, (ii) West Zone, (iii) South Zone and (iv) North Zone. This division was necessary for selection of sample consumers for each Zone. The number of sampled consumers are as follows :

(1). East Zone	.....	50	Consumers
(2). West Zone	.....	50	"
(3). South Zone	.....	50	"
(4). North Zone	.....	50	"
		-----	
Total	.....	200	
		-----	

From now we shall describe these Zones as  $A_1, A_2, A_3$  and  $A_4$  respectively. Here "A" means Area. The inhabitants of each of these Zones are almost equal. Therefore, equal number of consumers, i.e. fifty consumers from each Zone have been selected as sample consumers.

We have collected information from the head of two hundred families of different areas under Siliguri Municipality. We followed the same principle in selecting the -- sample family. After collecting the names and addresses of inhabitants of Siliguri City from the Municipality of Siliguri, each of them was given a number. Then by lottery we selected two hundred sample families.

For field study purpose retail market of Siliguri City has been divided into four Zones, namely -

- (i). Bidhan Market.
- (ii). Hill Cart Road Market.
- (iii). Mahabirasthan Market and
- (iv). Retail Shops of other areas of the City.

The number of sampled shops of these Centres were as follows :

<u>Name of Zone</u>	<u>No. of Sampled Shops</u>
Bidhan Market ...	40
Hill Cart Road Market ...	30
Mahabirasthan Market ...	20
Other areas ...	10
	-----
TOTAL ...	100
	-----

Out of 100 samples from amongst the retailers we received co-operation from 96 retailers. Only 4 retailers, 2 in  $M_1$  and one each in market  $M_2$  and  $M_4$  refused to give any data. One consumer in  $A_1$  and two in  $A_2$  and three in  $A_3$  also did not at all respond to the questionnaires.

It is really painful that a section of retailers and consumers did not realise the need for this kind of an effort which would in the long<sup>run</sup> benefit them.

The following are the limitations of the study which were beyond our control :

- (a). Every type of retailing institutions in Siliguri has not been included in it.
- (b). We collected our data by interviewing. So, we were unable to obtain information in as much detail as we would have liked.

Lastly, few lines are added in this introductory chapter about meaning<sup>and</sup> importance of retailing which will help to assess the problems faced by our retailers and also to ascertain the difficulties of consumers under the present study.

The word, " Retailer " is a French word with the prefix Re and Verb tailer, meaning to cut. Evidently retailer is one that cuts off smaller portions from larger lumps of goods. Ordinarily retailing means selling commodities or services for personal or domestic use. The retailer has to perform some of the functions that he has to undertake, <sup>And confined to</sup> are, buying, selling, grading, dividing and storing goods. The Definition Committee of Marketing Teachers Association U.S.A. has defined retailing as under :

" Retailing includes all activities incident to selling to the ultimate consumer. The goods sold may be produced, bought or carried in stock by the seller ".

Retailer is thus an intermediary between the Wholesaler and the Consumer.

While describing the importance of retailing, a saying in English can be quoted "Familiarity breeds contempt". Retailers are scattered around us and render invaluable services to satisfy our daily needs. The consumer does not know any other marketing functionary so well as the retailers. The retailer respects the demand and likings of the customers and also creates personal relations. But we do not hesitate in remarking that retailing is

a simple, small and unimportant enterprise and it stands much lower in status than manufacturers or wholesalers. Not only to-day but for ages retailers have been denied their due appreciation.\* The old writers of Greek and Roman civilisation also did not show any sympathy to them. Most of the people to-day hold that retailing is a vocation for dull, unintelligent and unambitious people. But the above opinion reflects only their ignorance. Take any basis - volume of business, number of establishments, persons engaged, proportion of personal income spent, the retailing establishes its supremacy. In a country like America, three-fifth of income of people is spent on commodities purchased through retailing units. Except people engaged in farming, the number of persons engaged in retailing business is the highest even in progressive country like America.

In the modern specialised and complex economy, retailing occupies a significant position. The retailer is the last link in the chain of distribution. It joins the producer and the last point of distribution, i.e. the consumer. Being near to consumers he gets the best idea of their demands, tastes and purchasing capacity and transmits them to the manufacturers. The success of manufacturers and wholesalers ultimately depends upon the efficiency of retailers. The slackness at the retailing point creates worries both for the wholesalers and for the manufacturers.

---

\* Page 10. Converse Paul D., Harvey W. Huegy and Robert V. Mitchel.

†The Elements of Marketing : New York.

Prentice Hall 1958.

Retailers are of tremendous help to consumers who are in search of sources from where they can get goods to suit their varying needs. In the absence of retailers it would have been a difficult task for the consumer to obtain the goods of his choice in the present complex and round-about-production and distribution. In this way counter of the retailer is a point where marketing ends and consumption begins.

In the subsequent chapters an attempt will be made to find the efficiency of our retailers in rendering services to manufacturers, wholesalers and consumers.

ooooo