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## CHAPTER I

### INTRODUCTION

#### 1.1 RETAILING CONCEPT

The term 'retail' is derived from a French word with the prefix 're' and the verb 'tailer', meaning to 'break the bulk'. Retailing is an activity and denotes selling at retail. Thus, retail sale is one in which the buyer is an ultimate consumer, as opposed to business or institutional purchases and the motive is personal or family satisfaction of wants, stemming from the final consumption of the articles being purchased. In contrast to this the business purchases are for the purpose of resale, business, industrial or institutional use<sup>1</sup>. Retailing may be defined as all activities directly related to the sale of goods and services to the ultimate consumers for personal or non-business use.

#### 1.2 THE RETAILER

"Any person or business firm can own and operate a retail store or retail establishment. Retailers are merchant middle-men who are engaged primarily in selling to ultimate consumers. Unlike manufacturers or producers or farmers who may operate retail establishments, retailers specialise in retailing activities. They stand in the distribution channel. The distribution may be between manufacturers, farmers or producers, wholesalers, middlemen and ultimate consumers. Retailers buy and assemble stocks of merchandise which they own and hold at their own risk an attempt to sell them at a profit".

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1. Carl Mc Daniel Jr., Marketing : The Importance of Retailing, P. 422.

It is apparent from the definitions given above that the terms 'retailing', 'retail establishment' and 'retail stores' and 'retailers' have their distinct connotations. Retailing taken in a sense, is the activity of selling to consumers for personal or household or group satisfaction. Selling directly to the consumers is also done by the wholesalers or manufacturers or producers". No doubt, the wholesalers, manufacturers or producers sell directly to consumers, but retailer is the major factor who contacts directly to consumers, because of this researcher has given emphasis on the study of retailers only,

### 1.3 TYPES OF RETAILERS

Retailers are mainly of two types. Itinerant retailers like hawkers, cheap-jacks, market traders and fixed shop retailers doing business on small scale like street stall holders, second-hand goods dealers, general shops, speciality shops, etc., and large scale retailers like departmental stores, multiple shops, chain stores, co-operative stores, mail order houses, hire purchase shops, etc.

### 1.4 THE RETAIL ESTABLISHMENT

A retail establishment is a single or separate place of business, principally engaged in the performance of marketing functions where in or out of which sales are made primarily to ultimate consumers. A retail establishment, sells directly to the consumers<sup>2</sup>.

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2. Ibid., p. 422

1.4.1 RETAIL STORES :- 'Most retail establishments are stores or places or premises of business open to and frequented by the general public. In these premises sales are primarily made to consumers of goods, usually in small quantities from the merchandise inventories stored and displayed on the premises' <sup>3</sup>.

There are some non-store retailing organisations too, such as mail order institutions, hawkers, pedlers or cheap-jacks. In case of mail order sales, the customers denote frequently the business premises. Hawkers and pedlers move from place to place or door to door to sell their goods and cheap-jacks do not have a permanent place of business<sup>4</sup>.

## 1.5 SIGNIFICANCE OF RETAILING

The retailing is expected to play significant role in the process of the 'effective distribution of goods and services'<sup>5</sup>. The consumer satisfaction and welfare of the society as a whole depend mainly upon the effective retailing. The significance of retailing is illustrated on the following lines.

(i) The retailers are expected to draw attention of prospective buyers towards ever-increasing consumer goods such as :

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3. Ibid., p. 422

4. Ibid., p. 423.

5. Neel Branton, *The Structure of Commerce*, Pauls House, London, 1968, p. 47.

- (a) House hold consumption goods like food grains, clothing, medicines, toileteries, educational supplies soft drinks, etc.,
- (b) House hold durable goods like furniture, cooking utensils, electric appliances, radios, etc.,
- (c) Agricultural inputs like fertilizers, seeds, pesticides,
- (d) Transportation goods like bicycles, auto-rickshaws, cars, tempos, trucks and spares,
- (e) Agricultural capital goods like tractors, harvesters, pump sets, pipes, etc.,

(ii) The retailers are expected to store the goods needed by the buyers in sufficient quantity and make them available to the consumers as and when they need goods and reduce the "dead time" i.e. time required to obtain the goods from the producers and the goods available to the consumers.

(iii) The retailers are expected to educate the buyers or consumers about the effective use of the products and also provide after sales services.

(iv) The retailers are also expected to provide/supply market information to the consumers, likewise they are expected to provide information about consumers, such as their likes, dislikes, opinions, needs, income, etc., to suppliers so that they can produce the goods and modify the services as needed by the consumers.

## 1.6 FUNCTIONS OF RETAILING

In the process of acting as a link between the wholesaler or manufacturer and the consumer, a retailer performs many functions, the important among them are given below.

(1) Buying and Assembling :- In order to meet the requirements of a large number of customers, the retailer has to stock a wide variety of products. This necessitates the retailer to assemble the products of different manufacturers from different wholesalers through the process of buying.

(2) Grading and Packing :- Sometimes the retailer arranges for the grading of such goods which are not graded by the wholesaler. Further as the retailer sells small quantities to his customers, he has to arrange the packing of goods in small lots.

(3) Ware-housing or Storing :- After buying the products from different wholesalers, the retailers arrange for their storage. Storing the goods enables him to meet the requirements of his customers for different types of goods without any delay.

(4) Assumption of Risk :- A number of risks may arise in course of retail-trade on account of fall in price, physical deterioration of goods, natural calamities, change in fashion or business environment, etc., during the period in which the goods are in his ware-house.

(5) Supply of Market Information :- As the retailers are in touch with the customers, they are in a position to collect valuable market information such as consumer behaviour, change in taste, fashion, demand, etc. They invariably pass on this information to the wholesaler, who in turn gives it to the producers so that the goods could be produced accordingly.

(6) Advertising :- Retailers are a very important agency of advertisement. Window dressing practised by most of the retailers constitute a most dependable source of advertisement not only for the retailers but for the producers as well.

(7) Selling :- This is another important function of the retailer. In fact if the retailer wants to survive in his business he has to give importance not only to the buying aspect of his business but also to the selling aspect.

## 1.7 RETAILING IN INDIA

India is a developing country, though a progressing one. Indian market today is in a stage of transformation from 'selling concept of marketing', to 'marketing concept of marketing'. Our industries are passing through the stage of rapid development and are producing large variety of consumer goods. Among these, the iron and steel industry, engineering industry, drugs and pharmaceutical industry and textile industry produce consumer goods and consumer durable goods on a very



large scale. For these, a new customer in the middle class strata, in the form of Government servants, teachers and traders, particularly in the rural areas is growing. Along with the large scale industries, small scale industries are also growing under various types of protections and incentives. The process of planned economic development, at least in creation pocket areas has started yielding results.

In 1989 there were about 15 lakhs small scale industries producing a large number of consumer goods. Retailers are expected to play a very important role in the process of distribution of the goods produced by our large, medium and small scale industries. All these developments are taking place along with the religious, cultural, economic and linguistic development with the gradual spread of education.

Retailing in India is becoming more and more challenging. Traditional methods of retailing are not likely to be successful. Hence retailers will have to follow the policies and practices based on 'market research'. In India, retailing has an added significance, in that it can provide employment with a minimum amount of investment especially in the rural areas.

#### 1.8 THE PRESENT STUDY

The present study "A study of retailing with reference to Grocers shops in Karad town", is based on the retailers survey conducted in Karad town, during the year 1989-90. The survey was conducted

to understand the policies, practices, role and problems of retailers and consumers who were dealing with "kirana" stores only (Grocers). The present study has been undertaken with the intention of the following objectives.

#### 1.8.1 OBJECTIVES OF THE STUDY

- (a) To study & assess the role played by the retailer in relation with consumers and wholesalers.
- (b) To analyse the consumer satisfaction through the selected retailers shops.
- (c) To study the trends in retailing in Karad town.
- (d) To study the problems of retailers and consumers.

#### 1.8.2 DATA AND METHODOLOGY

The data required for this investigation has been collected both from the primary as well as secondary sources. The primary data has been collected from the consumers and retailers with the help of open ended questionnaire. Out of the total number of retailers (104) in Karad town, about 10 percent sample is taken in this study on the basis of different wards and their scale of operation and it's establishment (Refer Table No. 1). While the selection of customers is made with the help of stratified random sampling technique. For this 5 percent customers at various background have been selected from the total number of customers dealing with selected retail shops. Ultimately, a sample of

31 customer respondents have been selected. While the secondary data on retailing has been collected from different sources and records. An extensive use of the library has been made and various research journals and other articles were referred for the present work.

TABLE NO. 1 SELECTION OF RETAILERS IN KARAD TOWN

SR. NO.	ESTABLISHMENT YEAR OF RETAILERS	TOTAL NO. OF RESPONDENTS	SAMPLE SIZE %
1.	1950 to 1960	21	2
2.	1961 to 1970	24	2
3.	1971 to 1980	28	3
4.	1981 to 1990	31	3
TOTAL		104	10

### 1.8.3 LIMITATIONS OF THE STUDY

Every study is bound to have some limitations or the other, and so is the case with the present study. Marketing activities cover the wide range and variety of traders, their marketing functions and various types of buyers. It was not possible to cover all aspects of marketing activities due to paucity of time available for the research work. Taking into consideration the objectives set for the study, the work was limited only to the retailers and consumers of 'Kirana goods' in Karad town. The consumer goods include food-grains, cereals, oil, sugar, tea, spices, soap, etc.