

CHAPTER III

CUSTOMER AND RETAIL TRADE

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CHAPTER III

CUSTOMER AND RETAIL-TRADE

3.1 PROFILE OF SELECTED CUSTOMERS

This section highlights the profile of the selected customers in Karad town in terms of their age, education, occupation and income.

(1) Age :- Out of the total 31 respondents, 20 belonged to middle aged group (31 to 50 years) and 9 customers were from the young age group (below 30 years). The remaining two respondents fall in the old age group (above 50 years).

(2) Education :- The education profile of the customers reveal that 12 out of 31 are illiterate and their main occupation is agriculture, labour and other. Another 12 respondents are educated upto S.S.C. level, whereas, only seven customers have their graduation degree.

(3) Occupation :- The majority of the respondents (11 out of 31) are engaged in agricultural operations alone. Whereas, 7 respondents are labourers. 6 customers are engaged in business activities, 4 in service occupation and 3 in other professions like milkmen, craftsmen, etc.

(4) Income :- Out of the total respondents 32.26 percent fall in the income group of less than Rs. 10,000. That is, they fall below

the poverty line. About 22.58 percent customer's income is within the range of Rs. 10,001 to Rs. 20,000 and 29.03 percent are in the income group of Rs. 20,001 to Rs. 40,000. In the higher income group of Rs. 40,001 to Rs.80,000, 16.13 percent customers comprised the sample in the present study.

3.2 BUYING SYSTEM OF CUSTOMERS

Table No. 3.1 shows the occupational classification of the customers. It is noticed that the majority of the customers belong to the agricultural class (35.48 percent). Whereas, 64 percent of the respondents belong to the four main occupations namely, businessmen, labourers, service employees and others.

TABLE NO. 3.1 OCCUPATIONAL CLASSIFICATION OF RESPONDENTS

NO.	OCCUPATION	RESPONDENTS	PERCENTAGE
1.	Agriculture	11	35.48
2.	Labourers	7	22.58
3.	Businessmen	6	19.36
4.	Service	4	12.90
5.	Other	3	9.68
TOTAL		31	100

- [1] Agriculture : Includes farmers
- [2] Labourers : Include manual workers on daily wages
- [3] Businessmen : Include general stores, cloth merchants and medical shop owners.
- [4] Service : Include teachers, clerical, and other salaried employees.
- [5] Others : Include milkmen, craftmen, etc.

Table 3.2 shows income distribution of the respondents. It is observed that 32.26 percent customers have a income less than Rs. 10,000 and 22.58 percent fall within the range of income group of Rs. 10,001 to Rs. 20,000. Whereas, 29.03 percent fall in the range of Rs. 20,001 to Rs. 40,000 and 16.13 percent are grouped into higher income group of more than Rs. 40,000.

TABLE NO. 3.2 INCOME PROFILE OF CUSTOMERS

NO.	INCOME GROUP	RESPONDENTS	PERCENTAGE
1.	Upto Rs. 10,000	10	32.26
2.	Rs.10,001-20,000	7	22.58
3.	Rs.20,001-40,000	9	29.03
4.	Rs.40,001-80,000	5	16.13
TOTAL		31	100

3.2.1 BUYING DECISIONS :

Table 3.3 represents that 45.16 percent familie's decisions to buy "Kirana goods" are taken by housewives and 32.5 percent families buying decisions are made by the chief earner. Whereas, 19.36 percent families buying decisions are normally taken collectively and the remaining 3.23 percent cases children are the decision makers.

TABLE NO. 3.3 DECISION MAKERS IN BUYING KIRANA GOODS

<u>NO.</u>	<u>DECISION MAKERS</u>	<u>RESPONDENTS</u>	<u>PERCENTAGE</u>
1.	Housewife	14	45.16
2.	Chief earner	10	32.25
3.	Collective	6	19.36
4.	Children	1	3.23
TOTAL		31	100

It was further intended to find out any relationship between the housewife's leadership and the nature of family occupation. Table 3.4 depicts the leadership of housewife in a family in making buying decisions as against the occupation of the family earner. It is noticed from the Table that in the case of those families whose occupation is agriculture and labour the housewives are the main decision makers as compared to those families where the occupation of the bread earner is either service or any other.

TABLE NO. 3.4 **RELATIONSHIP BETWEEN HOUSEWIFE'S LEADERSHIP AND FAMILY OCCUPATION**

NO.	OCCUPATION	RESPONDENTS	WIFES	PERCENTAGE
1.	Agriculture	11	9	81.81
2.	Labourers	7	6	85.71
3.	Businessmen	6	4	66.66
4.	Service	4	2	50.00
5.	Other	3	2	66.66
TOTAL		31	23	74.19

Out of the total 31 customers, 23 housewives are the decision makers as regards buying of 'Kirana goods' are concerned, constituting 74.19 percent of the total sample.

3.2.2 BUYING PLACE

The study of buying place of the respondents shows that about 83 percent of the total respondents buy their 'Kirana goods' locally, from the private traders. Whereas, 16 percent customers prefer to buy these goods from 'Bazar' in Karad town as is noticed below.

Buying from

- 1) Local Traders 26 (83.87 percent)
- 2) Bazar 5 (16.13 percent)

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The local buyers are further analysed in terms of their occupational status and income level in Table 3.5 and Table 3.6 respectively.

TABLE NO. 3.5 OCCUPATIONAL CLASSIFICATION OF LOCAL BUYERS

NO.	OCCUPATION	RESPONDENTS	LOCAL BUYERS	PERCENTAGE
1	Agriculture	11	9	81.82
2	Labourers	7	5	71.42
3	Businessmen	6	6	100.00
4	Service	4	4	100.00
5	Other	3	2	66.67
TOTAL		31	26	83.87

TABLE 3.6 INCOME CLASSIFICATION OF LOCAL BUYERS

NO.	INCOME GROUP	RESPONDENTS	LOCAL BUYERS	PERCENTAGE
1	Upto Rs. 10,000	10	7	70.00
2	10,001 to 20,000	7	6	85.71
3	20,001 to 40,000	9	8	88.89
4	40,001 to 80,000	5	5	100.00
TOTAL		31	26	83.87

It is noticed from Table 3.5 that in all the four types of occupations, local buyers constitute majority. There is no respondent from businessmen and service category of occupation, who buys goods from bazar.

The income distribution of local buyers also reveals that they constitute majority in all the four income groups. There is no customer having income in the range of Rs. 40,000 to Rs. 80,000, who purchases from bazar.

3.2.3 SIZE OF PURCHASE

An attempt was made to understand whether customers buy their 'Kirana goods' daily or otherwise. The distribution of customers based on the volume of buying is shown in Table 3.7 below.

TABLE 3.7 SIZE OF PURCHASE OF RESPONDENTS

NO.	BUYING AT A TIME	RESPONDENTS	PERCENTAGE
1	Daily requirements	11	35.48
2	Weekly requirements	10	32.26
3	Monthly requirements	9	29.03
4	Annual requirements	1	3.23
TOTAL		31	100

Table shows that the respondents purchase their 'Kirana requirements from day to day basis to yearly. However, the proportion of the former is maximum (35.48 percent) and that of the later the minimum (3.23 percent). Whereas, there are 10 and 9 customers who purchase for a period of a week and month respectively.

TABLE NO. 3.8 OCCUPATIONAL CLASSIFICATION OF DAILY BUYERS

NO.	OCCUPATION	RESPONDENTS	PERCENTAGE
1	Agriculture	3	27.27
2	Labourers	6	54.55
3	Businessmen	-	-
4	Service	-	-
5	Other	2	18.18
TOTAL		11	100

It was further intended to understand occupational classification of the daily 'Kirana goods' buyers. It is observed that the daily buyers come from only three occupations namely, agriculture, labourers and other trades. Among these labourers are the predominant buyers (54.55 percent) followed by the agriculturists and other traders/craftsmen. The reason is but obvious since the income level of these people is fairly low and cannot afford to purchase in bulk for a larger period.

3.2.4 QUALITY PREFERENCE

For the purpose of study of 'quality preference', the consumer goods were classified into three categories viz. high quality, medium quality and low quality. Table 3.9 shows 67.74 percent of the total respondents prefer medium quality goods. Whereas, 19.36 percent customers prefer sub-standard goods and 12.90 percent prefer high quality 'Kirana goods'.

TABLE NO. 3.9 QUALITY PREFERENCE OF RESPONDENTS IN RETAIL MARKET

NO.	QUALITY PREFERENCE	RESPONDENTS	PERCENTAGE
1	High Quality	4	12.90
2	Medium Quality	21	67.74
3	Low Quality	6	19.36
TOTAL		31	100

Further analysis of the low quality preference customers according to their income reveals that 83 percent belong to the income group of less than Rs. 10,000 (5 out of 6 respondents). Whereas, 17 percent of the respondents who prefer low quality goods belong to the income group of Rs. 10,001 to Rs. 20,000 (1 out of 6).



3.2.5 TERMS OF BUYING

Terms of buying include various aspects of buying agreements like price, quality, quantity, terms of payment, etc. The researcher has made an attempt to know whether the respondents prefer to buy goods on cash terms, credit terms or cash and credit . Table 3.10 below shows majority (45.16 percent) of the customers prefer both cash and credit as the mode of payment for the purchase of their goods. Whereas, 38.71 customers purchase commodities only on cash and 16.31 percent on credit basis.

TABLE NO. 3.10 TERMS OF PAYMENT OF BUYERS

NO.	TERMS OF PAYMENT	RESPONDENTS	PERCENTAGE
1	Credit only	5	16.13
2	Cash only	12	38.71
3	Cash and Credit	14	45.16
TOTAL		31	100

The respondents buying on cash terms were further analysed on the basis of their occupations and income group. Table 3.11 shows that majority of the labourers (71.43 percent), businessmen and service (50 percent each) normally buy on cash basis. Whereas, only 18.18 percent of agricultural occupants can purchase on cash.

**TABLE NO. 3.11 OCCUPATIONAL CLASSIFICATION OF RESPONDENTS
BUYING ON CASH TERMS ONLY**

NO.	OCCUPATION	TOTAL RESPONDENTS	BUYING ON CASH TERMS	PERCENTAGE
1	Agriculture	11	2	18.18
2	Labourers	7	5	71.43
3	Businessmen	6	5	50.00
4	Service	4	2	50.00
5	Other	3	-	-
TOTAL		31	14	38.71

**TABLE NO. 3.12 INCOMEWISE CLASSIFICATION OF RESPONDENTS
BUYING ON CASH TERMS ONLY**

NO.	INCOME GROUP	TOTAL RESPONDENTS	BUYING ON CASH TERMS	PERCENTAGE
1	Upto Rs. 10,000	10	6	60.00
2	10,001 to 20,000	7	1	14.28
3	20,001 to 40,000	9	1	11.11
4	40,001 to 80,000	5	4	80.00
TOTAL		31	12	38.71

Table 3.12 shows that 80 percent of the respondents in the income range of Rs. 40,000 to Rs. 80,000 purchase on cash basis. Whereas, 60 percent of the customers within an income range of less than Rs. 10,000 purchase on cash basis. On the other hand, it can be noted that those whose income is in the range of Rs. 10,001 to Rs. 40,000 in majority purchase on credit basis.

3.2.6 BARGAINING TENDANCY

The term bargaining refers to the process of negotiations between a customer and the seller. This tendency results from the assumption that traders always try to exploit the buyers or consumers and therefore, there is a scope for reduction in quoted price. The bargaining tendency of the customers in Karad town according to their income level is depicted in the following table.

TABLE NO. 3.13 INCOMEWISE DISTRIBUTION OF BARGAINING BUYERS

NO.	INCOME GROUP	TOTAL RESPONDENTS	BARGAINING RESPONDENTS	PERCENTAGE
1	Upto Rs. 10,000	10	6	60.00
2	10,001 to 20,000	7	4	57.14
3	20,001 to 40,000	9	8	88.88
4	40,001 to 80,000	5	3	60.00
TOTAL		31	21	67.74

It is observed from the table that the customers, irrespective of their income level, in majority bargain with the retailers in purchasing consumer durables or any 'Kirana' commodity. It supports the fact that bargaining is the basic nature of the human being and no parameter can curb the tendency of an individual to bargain.

3.2.7 ROLE OF RETAILERS IN SELECTION OF GOODS

Retailers of any commodity in general and 'Kirana goods' in particular, play a vital role not only in the process of 'effective distribution' of goods and services but also in the process of selection of goods and services by the customers.

As is known, the retailer is the last link between the producers and consumers, it is expected that he advises the buyers as to the availability of goods, quality of goods, quantity of goods, prices, new products, etc. In fact, the retailers are the sources of market information to the buyers. The customers in Karad town were asked to comment upon this type service rendered by the retailers. 35 percent of the customers agreed that the retailers do give every kind of market information while purchasing goods from them. Whereas, 65 percent customers reported that they either get very limited information or no advice from the retailers at all.

3.2.8 BUYERS OPINION ABOUT QUALITY, WEIGHT & MEASURES

It was further intended to investigate the opinions of customers in Karad town on the quality, quantity, and price of the goods they

purchase from the retailers. Table 3.14 shows that only 9.63 percent are satisfied always about the quality and prices of the goods provided by the retailers. Whereas, the rest are either partly or fully dissatisfied. As regards the weights and the measures used by the traders is concerned, it is noticed that majority (77.42 percent) of the customers are either partially or always dissatisfied. On the other hand, 22.58 percent of the customers feel that they hardly doubt the integrity of the retailers on the weights and measures used by them. This is depicted in the following table.

TABLE NO. 3.14 DISSATISFACTION OF CUSTOMERS ON QUALITY, PRICES, WEIGHTS AND MEASURES USED BY RETAILERS

DISSATISFACTION	RESPONDENTS	PERCENTAGE
Often	5 (16.12)	4 (12.90)
Occasional	17 (54.83)	20 (64.51)
Very rarely	6 (19.35)	7 (22.58)
Never	3 (9.67)	-

3.2.9 SAVINGS OF RESPONDENTS

Table No. 3.15 shows the occupational classification of the respondents who save regularly. It is observed that the majority of the

agriculturists and business save regularly, while the level of savings is low in case of labourers, service employees and others.

TABLE NO. 3.15 OCCUPATIONAL CLASSIFICATION OF RESPONDENTS WHO SAVE REGULARLY

NO.	OCCUPATION	TOTAL RESPONDENTS	RESPONDENTS WHO SAVE	PERCENTAGE
1	Agriculture	11	4	12.90
2	Labourers	7	2	6.45
3	Businessmen	6	5	16.13
4	Service	4	1	3.23
5	Others	3	1	3.22
TOTAL		31	13	41.93

In the incomewise classification of respondents who save regularly, Table 3.16 depicts that 10 percent of the respondents from the first income group and 20 percent from the third income group save regularly. In others, there is lower saving level. Out of the total of 31 customers, 13 customers do save regularly constituting 41.93 percent of the sample under study. Out of the four total income groups, more (6 out of 9) respondents save from the income group Rs.20,001 to Rs.40,000, whereas, in the other groups the percentage of savers is very less.

**TABLE NO. 3.16 INCOME-WISE CLASSIFICATION OF RESPONDENTS
WHO SAVE REGULARLY**

NO.	INCOME GROUP	TOTAL	RESPONDENTS	PERCENTAGE
		RESPONDENTS	WHO SAVE	
1.	Upto Rs. 10,000	10	3	9.68
2.	10,001 to 20,000	7	1	3.22
3.	20,001 to 40,000	9	6	19.35
4.	40,001 to 80,000	5	3	9.68
TOTAL		31	13	41.93

3.3 RETAILER AND CUSTOMER PROTECTION

The consumer has been considered as the king in the market in the free economy. But the consumer's sovereignty in the market nowadays, is lapsing day by day. In the economies with increasing competition, where seller's markets exist nowadays, the consumer is even a king without the "privy purse"¹. Consumers are being exploited by the middleman and the manufacturers. They are being crushed under the burden of charges and profit margins of the middlemen. This is only because of lack of organisation, illiteracy and emotional thinking among the consumers.

1. D. Himachalum, Indian Journal of Marketing, "Consumerism In India, Feb. 1990, Vol. No., XX, P. 7.

This results in neglected consumer welfare in the Indian market. To protect the consumers and making them aware of rights and responsibilities, various legal and administrative measures have been implemented². The movement needs to be supported voluntarily by the consumer organisation. Several consumers association are doing useful work in educating the consumers and checking unfair trade practices. These activities however, are limited only to certain cities and towns. The message of these organisations were conveyed through different media to the consumers for example, consumer guides, booklets, advertisements and visual publicity.

The businessmen and industrialists always find out some loopholes in consumer protection. It is the honesty, sincerity, and integrity on the part of businessmen at the high level at the initial stage³.

In a free economic set-up, the consumer is said to be a sovereign. Business organisations are generally expected to formulate their policies in such a manner as to provide a very important place in the consumers interest. Theoretically, consumer is the boss. He gets what he wants. In other words, the consumer has the right to choose, right to be informed, right to be heard, right to get redressal and right to get market information in healthy environment. the product sale is controlled by the decision of the consumer.

2. Ibid., p. 8.

Majority of the consumers are unaware of these rights. Mr.T.Thomas, the then Chairman (1977) of Hindustan Lever Limited, had rightly observed "While the producer has the power or the right to design the products, distribute, advertise and price it, the consumer has only the power of not buying it. One may argue that the producer runs the greater risk inspite of having several rights because the veto power remains with the consumer. However, the consumer often feels that while he has the power of veto, he is not always fully equipped to exercise that power in his best interests. This situation may be the lack of information from one or several competing producers. This problem, facing the consumer has led to 'consumerism' "4.

The consumer rights have been described in the light of following heads.

(1) Quality :- Consumer is unaware of the quality of goods they consume. They purchase the goods, believing in the retailers, that the goods are of that quality which is required by them. But after consuming those goods he realises that he was supplied with low quality goods. It was found in this investigation that out of the total respondents 23.03 percent reported that they were not happy about the quality of the goods supplied by the retailers. The right of safety is not examined.

4. M. B. Shukla, 'Quarterly Journal of Management', Consumerism in India, Jan. - Dec., 1987, p. 27.

(2) Weights and Measures :- Consumer is expected to get exact weighed goods that he wants. He must be aware of the goods, in what quantity he wants. Rarely the customers are informed in the regards of weights and measures.

In this way the customers are not fully informed of their rights by the retailers. It is the large segment of rural population, buying goods in pieces, in small quantities and in loose form to meet their daily needs who are the victims. This practice of retailing are more fruitful to the retailer for adulteration and short weight or measures. It is estimated that the annual loss to the consumers on account of short weights and adulteration might be about Rs. 2000 crores. From the earlier lines, it is clear that the responsibility of the retailers is more than the wholesalers to protect the consumers⁵.

The exploitation of consumers is done by the retailers. In Karad town 16.13 percent of the consumers reported that they are exploited by the retailers. From this, it may be estimated that the consumers in Karad town have to bear a loss of Rs.1 lakh per annum approximately, due to short weights and adulteration of goods.

(3) Price :- The trend in price rise of all the goods is ever increasing. But the purchasing power of consumers is not at all increasing proportionately. Sometimes prices come down, but the

5. S. A. Somwanshi, 'Quarterly Journal of Management & Development',
Consumerism : Maladies and Remedies, Vol. 18, P. 78, Dec. 1987.

information regarding this is not given to the ultimate customer by the retailer and the goods are sold still at the old higher prices due to lack of information.

On the other hand, the retailers sell goods from their own stock at the raised prices, though they have purchased the same at the old low price level. The consumers in many instances are aware of it but cannot do anything against it. At the time of national emergency in June 1975, the Government of India made it compulsory for the traders to display prices and stock of essential commodities and other articles of mass consumption. In that response, even nowadays it is estimated that only 45 percent of the retailers keep the board of prices and stock displayed in their shops. This gives them a opportunity to change the prices as per their wish and at times hoard the stock.

In Karad city the researcher has observed that 35 percent of the sample retailers keep the boards inside the shop and rarely change the prices and available items on the daily basis. On the other hand, 20 percent of the retailers never care about these prerequisites.

(4) Substitution :- The retailers keep variety of goods meant for the same use for example, bath soap. Among these goods of similar nature and utility, which one is to be selected is the problem of the consumer, because he feels that all are of same importance. At this time it is the retailers job to inform the customer and help him in selecting the appropriate goods as per his demands, needs, and the money that he can afford.

In spite of this, the consumers are never guided by the retailer. In the present survey 93.55 percent of the consumers report that the retailers instead of advising them in selecting appropriate goods among several substitution, tell the importance of each article, and finally they leave the responsibility of selecting a particular commodity on the customers themselves.

(5) Respect :- As stated in the aforesaid discussion, the consumer is the king of the market. He therefore, has to be respected. In Karad city 74.19 percent of the total respondents complained that they are hardly respected. They feel that retailers are always keeping their interest in mind while selling the goods and ignore consumers totally.

(6) Exchange of Goods :- The consumers purchase any goods in order to satisfy their needs. In many cases it so happens that, after purchasing the goods, due to one reason or the other, the consumers feel that the goods should be exchanged from the retailer in order to optimise their satisfaction. In view of this, they go back to the retailers for the exchange of commodities. However, in many instances the retailers do not co-operate in this matter with the consumers. The present survey shows that only 10 to 20 percent of the retailers provide the facility of exchange to their customers.

(7) Information :- The role of intermediaries is very crucial and critical in market information system. It is crucial because, they interact with large number of consumers as well as the producer firms. It is critical because effective interpretation and implementation of

manufacturers policies and strategies largely hinge on the communication ability and willingness of the market intermediaries. Unless each firm integrates the operation of its intermediaries with its own operations, it will be really difficult for the consumers to get help from them in solving the problems of consumption.

In India, large number of firms do not have the direction and the information of the end use of their products made finally by the consumers. Therefore, intermediaries are expected to transmit the information in both direction, from manufacturers to the consumers and vice-versa. This can be done by collecting periodic inventory data, consumer reactions, complaints suggestions, problems and appreciation, Govt. action and regulations, etc.

In the present study, when asked about the market information on quality, price, availability, durability, etc., to the ultimate consumers it was observed that 25.81 percent of the respondents answered favourably. This means that the retailers to a greater extent do not part with the market information in many instances to the ultimate consumers.

(8) Overall Performance :- The consumer considers finally, the overall performance of the retailers and feels that from the view point of his well being he is not looked after properly by the retailers. On the other hand, retailers feel that his overall performance always

reflects the interest of his dear consumers. Therefore, the direction of well being of each other is observed to be opposite.

In the present study however, 25.81 percent of the consumers reported that the overall performance of the retailers is satisfactory and in their interest. This implies that in Karad town from the present sample, 74.19 percent of the consumers feel that the retailers do not protect their interest and therefore, failed in developing their image.