



THE PROBLEMS FACING RETAILERS GLOBALLY

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Abstract

The retail industry in India is booming, and this article looks at the expansion, popularity, and brand recognition among consumers of all income levels. An expanding middle class and a largely untouched retail sector in India make the country an appealing opportunity for multinational retailers looking to expand into emerging economies. Overview, Development, Etymology, Indian Scenario, Entry of MNCs, Challenges and Opportunities of Retailing Business are discussed in this paper. The retail industry in India now employs somewhere about 6% of the country's total work force, the vast majority of whom are working in the unorganized sector. This is around half the levels seen in other developing countries, and a third of what is seen in the United States and Europe. More than fifty million new employment would be created in India if the retail industry was fully grown to levels and productivity comparable to other rising nations and mature economies like the United States. It is anticipated that training and developing retail workers and managers to increase retail output would be difficult.

Introduction

Making is not only a professional activity. It's marketing when you attempt to get someone to do what you want them to do, whether it's giving money to the Salvation Army, wearing a seat belt, keeping the volume down on their music during study hours, or voting for your candidate. Even "non-profits," who are really running a company but don't see themselves that such, use marketing. Their "product" may be a recommendation for a holiday area, a social cause or thought, a public figure they are promoting, or a cultural institution they hope you would visit. The company is selling its product regardless of what it is. Since marketing covers such a wide range of topics, a comprehensive definition is necessary. Marketing is at its core a trade between two parties with the goal of satisfying one another's demands and requirements. That is, marketing occurs whenever one social unit (individual or organization) seeks to make a valuable trade with another social unit. The general definition is as such. To meet human needs and desires, marketing encompasses all efforts to create and facilitate any kind of transaction. In a commercial or non-business setting, the following is a definition of marketing at the micro level: To accomplish their goals, businesses engage in a comprehensive process known as marketing in order to plan, price, promise, and distribute desire-satisfying goods, services, and ideas to certain demographics. (Station)

Marketing is	
A system:	of business activities
Designed to:	Plan, price, promote, and distribute
Something of value:	Want-satisfying products, services, and ideas
For the benefit of:	The target market – present and potential household consumers or industrial users
To achieve:	The organization's objectives

Retailing

We define retailing as all the activities involved in selling goods or services directly to final consumers for their personal, non-business use. Many institutions – manufacturers, wholesalers, retailers – do retailing. But most retailing is done by retailers-businesses whose sales come primarily from retailing. And although most retailing is done in retail stores, in recent years non-store retailing-selling by mail, by telephone, by door-to-door contract, by vending machines, by numerous electronic means – has grown explosively. Because store retailing accounts for most of the retail business, we discuss it first. Then we look at non-store retailing.

Retail stores come in all shapes and sizes, and new retail types keep emerging. They can be classified by one or more of several characteristics: amount of service product line sold, relative prices, control of outlets, and type of store cluster. These classifications and the corresponding retailer types are shown in the following table 1.

Table 1, Different Ways to Classify Retail Outlets

Amount Service	Product Line Sold	Relative Price Emphasis	Control of Outlets	Type of Store Cluster
Self-Service Limited Service Full Service	Speciality store Department store Supermarket Convenience Store Combination store, superstore, and hypermarket Service business	Discount store Off-price retailers Catalog showroom	Corporate Chain Voluntary chain and retailer cooperative consumer cooperative franchise organisation Merchandising conglomerate	Central business district Regional shopping center Community shopping center Neighborhood shopping center.

Different products need different amounts of service, and customer-service preferences vary. We discuss three levels of service – self-service, limited service, and full service- and the types of retailers that use them.

Self-service retailing in this country grew rapidly during the Great Depression of the 1930's. Customers were willing to perform their own "locate compare – select" process to save money. Today, self-service is the basis of all discount operations and is typically used by sellers by convenience goods (for example, supermarkets) and nationally branded, fast-moving shopping goods (for example, catalog, showrooms such as Best Products or Service Merchandise). Limited-service retailers such as Sears or J.C. Penney provide more sales assistance because they carry more shopping goods about which customers need more information. They also offer additional services such as credit and merchandise return not usually offered by low-service stores. Their increased operating costs result in higher prices. In full-service retailers, such as specialty stores and first-class department stores, salespeople assist customers in every phase of the shopping process. Full-service stores usually carry more specialty goods and slower moving items such as cameras, jewelry, and fashions, for which customers like to be "waited on". They provide more liberal return policies, various credit plans, free delivery, home servicing, and extras such as lounges and restaurants. More services result in much higher operating costs, costs which are passed along to customers as higher prices.

- This definition has the following significant implications.

- It is a managerial, system definition.

- The whole system of business activities must be customer – oriented. Customer's wants must be recognized and satisfied effectively.

- The marketing plan starts with the product idea and does not end until the customer's wants are completely satisfied, which may be some time after the sale is made.

- The definition implies that to be successful, marketing must maximize profitable sales over the long run. Thus, customers must be satisfied in order for a company to get the repeat business that ordinarily is so vital to success. The American Marketing Association defines marketing as the performance of business activities that direct the flow of goods and services from producer to consumer or user. This definition only emphasizes distributive aspects of the market, and fails to stress managerial aspect of Marketing under managerial thinking should also stress cost and price consideration, demand satisfaction or selling, and demand creation or sales promotion and advertising, and marketing research to match the supply with customer demand. Marketing must include ascertaining, creating, and satisfying the customer wants and doing it at a profit. This is the proper concept of marketing function.

P. Kotler defines marketing as "the set of human activities directed at facilitating and consummating exchanges. The essence of marketing is exchange of products and the transaction is to satisfy human needs and wants. All business activities helping and promoting the exchange function are included in marketing."

Marketing is the ongoing or continuous process of defining, anticipating, and creating customer needs and wants, and of organising all the resources of the enterprise to satisfy customer demand at the desirable profit to the firm and also to the customer. Marketing is a system of integrated business activities designed to develop marketing plans and programmes leading to the satisfaction of customer wants.

Under the systems approach (a system is a series of interlocking steps) marketing is defined as an ongoing social process for the creation and delivery of standards and styles of life. Marketing includes the following:

Seeking: In this function, the aim of seeking is to discover the customer and customer needs. The marketing opportunity is revealed through an analysis of the environment.

Matching: Under this matching process, Customer demand has to be matched with organisational resources and environmental limitations, such as competition, government regulations, general economic conditions, and so on.

Programming: A marketing programme, which is known as marketing mix, covers product, price, promotion and distribution strategies (4 P's). They are formulated and implemented to accomplish the twin objectives of customer satisfaction and profitability.

In the customer-oriented marketing approach (marketing concept) and the concept of strategy (marketing planning and control) we may evolve a precise definition of marketing.

Marketing is a system of integrated business activities designed to develop strategies and plans (marketing mixes) to the satisfaction of customer wants of selected market segments or targets.

Marketing, thus, involves an integrated system of business activities in order to plan, price, promote and distribute goods and services to meet consumer needs within the limits of society. There can be a plan of action dealing with the problem of moving large volume of products, by looking forward to ultimate customers and backward to suppliers, and by linking customers and suppliers together in a sequence of proper steps.

Importance of the Study

Retailer is the last person, to detain the commodities before they are sold out. He is an important link in the channel of distribution. He is the bridge between the wholesaler on one hand and the consumers on the other hand. In the absence of middlemen, the products may not reach the consumers in time. He is an essential factor in the marketing. He provides the required materials to the public in the required quantity at reasonable prices. It can be also said that he makes the products available in front of the consumers. He provides goods to the public sometimes on cash and more often on credit. When he supplies goods on credit he takes the risk of recovery from the customers. Both cash and credit transactions are essential for a retailer. He serves himself as well as public while doing service. He faces many problems, which deserves to be studied. Hence the present study has been undertaken to examine the problems of retailers in a particular area.

Objectives of the Study

1. To study and examine the role of retail traders in marketing the products.
2. To study the problems of retail traders, and suggest measures for improvement

Methodology and Limitations of the Study

It is a descriptive study. About 150 retailers have been chosen on random basis and given the questionnaire and the information given in the questionnaire are analyzed and interpreted. Averages and percentages are used in the study. The study is restricted to only the retailers of Kancheepuram town.

I. Profile of the Retailers

Retailer is the last link in the channel of distribution. He is the bridge between the wholesaler and the ultimate consumer. In the absence of him, the consumers will not get the required goods and services on time. Marketing creates many utilities, namely:

- a) place utility
- b) time utility and
- c) possession utility.

Marketing provides the goods at the required place and time. When the goods are transferred to the consumers, the ownership or possession is also transferred. This is known as possession utility. In all the spheres, and the links, the retailer's role cannot be over emphasized. He is inevitable middlemen in the marketing field.

In this chapter, the socio-economic background or the profile of the sample retailers has been studied, to understand their entry into this line. The following socio-economic factors were taken into study.

Table 2, Showing the Distribution of Retailers on The Basis of Age

Sl. No.	Age of Retailers	Number of Retailers	Percentage of Retailers
1.	20-25 years	6	4.00
2.	26-30 years	30	20.00
3.	31-35 years	54	36.00
4.	36-40 years	36	24.00
5.	41-45 years	12	8.00
6.	46-50 years	0	0.00
7.	51-55 years	6	4.00
8.	56 years and above	6	4.00
	Total	150	100.00

Age is an important factor in the business. The young people are active though not so intelligent than the older people. For purchase, arranging finance and working in odd hours, age factor is more important. In the study, from the table 2, it is evident that most of the retailers (36%) are in the age group of 31-35 years, followed by 24% of the retailers fall in the age group of 36-40 years. Nearly 20% of the retailers are in the age group of 26-30 years. The retailers in the age group of 41 years and above constitute nearly 16% of the sample. In the analysis, the younger people are more than old people.

Table 3, Educational Qualification

Sl. No.	Educational Qualification	Number of Retailers	Percentage of Retailers
1.	Illiterates	36	24.00
2.	5 th Standard - 10 th Standard	58	38.68
3.	10 th Standard – 12 th Standard	30	20.00
4.	Degree Level	26	12.00
	Total	150	100.00

Education plays a key role in transacting a business. Now-a-days, due to advancement of science and technology, education has become the match word for the business people. To understand the marketing environment, competition and latest trends prevailing in the market, basis education is essential. From the study, it is evident that there were nearly 24% who had not educated themselves. Most of the retailers (39%) had studied upto 10th standard. Nearly 20% of the retailers have studied upto 12th standard. The retailers with B.A (Economics), B.A (corporate Secretaryship) and B.Com constitute nearly 17% of the sample.

Table 4, Showing the Previous Experience of Retailers

Sl. No.	Name of Field	Number of Retailers	Percentage of Retailers
1.	Government Services	0	0.00
2.	Private Companies	14	9.32
3.	Relevant Business	118	78.60
4.	No Experience	18	12.00
	Total	150	100.00

The previous experience of the retailers may help them to overcome the difficulties relating to business. Nearly 79% of the retailers were doing some related business before they start the business. Nine percent of them worked in private companies. Twelve percent of them didn't have any experience at all. Generally, for venture taking, some degree of motivation is essential. The sample retailers were asked to indicate their motivational factors for starting the retail business. The following table 5 shows the various motivational factors that have encouraged them the sample retailers to start the business.

Table 5, Motivational Factors to Start the Retail Business

Sl. No.	Motivation Factors	Number of Retailers	Percentage of Retailers
1.	Family Members	62	41.33
2.	Want to Work Independently	26	17.33
3.	Can earn more Money	4	2.67
4.	Bankers Assistance	12	8.00
5.	Safer Self Employment	12	8.00
6.	Demand for the Outlet	12	8.00
7.	Lack of Education	22	14.67
	Total	150	100.00

It is evident from the above table that most of the (41%) retailers were motivated to start the retailing business by their parents and family members. Nearly 17% of the retailers wanted to work independently and hence started the business. Due to lack of education, nearly 11% of the retailers have started the business. Banker's assistance, safer self-employment and demand for the outlet were the other factors responsible for nearly 18% of the retailers. Without proper amount of investment, no business can survive. Hence an attempt has been made to identify the range of investments made by the retailers. The following table 6 shows the range of investments made by the sample retailers.

Table 6, Investment in Retail Business

Sl. No.	Range of Investment	Number of Retailers	Percentage of Retailers
1.	Below Rs.50,000	48	32.00
2.	Rs.50,001 - Rs.1,00,000	62	48.00
3.	Rs.1,00,001 and Above	30	20.00
	Total	150	100.00

It is evident from the above table 3.5 that most of the retailers have invested in the range of Rs.50,000 to a lakh. Nearly thirty two percent of the retailers have invested within Rs.50,000/-. Only 20% of the retailers have invested Rs. 1 lakh and above. The consumers play a vital role in deciding the fate of the business. Hence, it has been studied that which type of consumers are covered by the retail shop. The following table 7 shows the consumers covered by the sample retail shops.

Table 7, Type of Consumers Covered

Sl. No.	Type of Consumers	Number of Retailers	Percentage of Retailers
1.	Aged people	10	7.00
2.	Children	30	20.00
3.	Slum Dwellers	30	20.00
	All Types	80	53.00
	Total	150	100.00

It is evident that most of the retail shops (53%) cover all types of consumers, irrespective of their capacity. The aged people, children, slum dwellers occupy the rest of the (47%) consumers covered by the retail shops. To sustain in any business, the profit is essential. An attempt has been made to find out the profit margin of the sample retailers. The following table 8 shows the various profit ranges of the sample retailers.

Table 8, Percentage of Profit Making in Products

Sl. No.	Range of Profit	Number of Retailers	Percentage of Retailers
1.	Below Rs.50,000	102	68.00
2.	Rs.50,001 – Rs.1,00,000	30	20.00
3.	Rs.1,00,001 – Rs.1,50,000	12	8.00
4.	Rs.1,50,001 – Rs.2,00,000	6	4.00
5.	Rs.2,00,001 – Rs.2,50,000	0	0.00
6.	Rs.2,50,001 and Above	0	0.00
	Total	150	100.00

It is evident from the above table 3.7 that majority (68%) of the retailers have earned a profit ranging from below Rs.50,000. Twenty percent of them earned from Rs.50,001 to Rs.1,00,000 and eight percent of them from Rs.1,00,001 – Rs.1,50,000. The rest (4%) have earned a profit of Rs.1,50,001 – Rs.2,00,000 range. Earning profit alone does not keep the business going. Its sustenance is a key factor to keep the business successfully run. Hence an attempt has been made to study the mode of investment made out of profits earned by the retailers. The following table 9 shows the mode of profit development.

Table 9, Profit Development

Sl. No.	Type of Investment	Number of Retailers	Percentage of Retailers
1.	Buying New Products	24	16.00
2.	Clearing the Debts	72	48.00
3.	Expanding the Shops	36	24.00
4.	Land & House Purchase	4	3.00
5.	Term Deposits	0	0.00
6.	Family Marketing	14	9.00
	Total	150	100.00

It is evident from the above table 9 that most of the retailers (48%) have utilized their profit towards clearing the dues. Nearly twenty four percent of them expanded their shops; sixteen percent of them diverted their profit towards purchasing of new products. Nine percent of them have used their profits for their family improvements. Only three percent of the retail outlets, the retailers have to maintain free flow of working capital. It is often raised from many sources not depending on a single source. The following table 10 shows how the sample retailers have raised their working capital funds.

Table 10, Source of Working Capital Needs

Sl. No.	Name of Sources	Number of Retailers	Percentage of Retailers
1.	Self	76	51.00
2.	Relatives	40	27.00
3.	Private Money Lenders	8	5.00
4.	Commercial Banks	18	12.00
5.	Wholesalers	8	5.00
6.	Others	0	0.00
	Total	150	100.00

It is evident from the above table 10 that majority (51%) of the retailers have used their self sources including pledging of their jewels to fulfil the working capital needs. Twenty seven percent of them borrowed money from their relatives. The commercial banks have helped twelve percent of the retailers. Private money lenders and wholesalers have helped the sample retailers to the extent 5% respectively. The survival of retail units is restricted by the degree of competition. When it is severe, it will definitely reduce the profits and ultimately send the outlet out of the market. Therefore, the retailers have to be very cautious about the entry of new competitions in their area. The following table 11 shows the degree of competition prevailing in their area.

Table 11, Opinion about Competition

Sl. No.	Opinion	Number of Retailers	Percentage of Retailers
1.	Scope for Developing the Business(Low Competition)	126	84.00
2.	No Scope for Developing (Severe Competition)	24	16.00
	Total	150	100.00

It is evident from the above table 11 that majority of the retailers (84%) have opined that the competition was low and moderate. The retailers have expressed that there is a scope for developing the business. Only sixteen percent of the retailers that the competition in their area is severe and thus the business is affected by the competition. The retailers were asked to give their opinion about their future plan of activities. The following table 12 shows the different types of plans the sample entrepreneurs would like to implement.

Table 12, Future Plan

Sl. No.	Plan	Number of Retailers	Percentage of Retailers
1.	Continue the same business	54	36.00
2.	To expand the business	88	58.70
3.	To start some other business (Diversification)	8	5.30
	Total	150	100.00

It is evident from the above table 12 that majority (58.7%) of the retailers wanted to expand the business. Thirty six percent of them wanted to continue the same business. Only 5% of the retailers wanted to diversify the business. The retailers were asked to state method of maintaining accounts etc. The following table 13 shows the methods of maintaining accounts.

Table 13, Methods of Maintaining Accounts

Sl. No.	Methods	Number of Retailers	Percentage of Retailers
1.	Self	110	73.30
2.	Accountants	40	26.70
	Total	150	100.00

It is evident from the above table that most of the retailers (73%) maintain accounts by themselves. Only 26% of the retailers sought the help of accountants working private companies, who are doing accounts on part time basis. To sum up, the retailers from different age group have invested their funds in the retailing business. Majority of them have used their self-sources to fulfill their working capital needs. Most of the retailers used their profit to clear their debts. Majority of the retailers expressed that the competition is moderate and hence there is a vast scope for future in the business. Most of them maintain accounts by themselves.

The retailers faced many problems in different areas. In particular, they mentioned the following areas:

1. Capital to start the business
2. Working Capital
3. Licensing
4. Rent and rates
5. Competition
6. Local 'Dadhas' - political collection

1. Problems Relating to Rising of Capital to Start the Business

Table 14, Source of Capital

Sl. No.	Particulars	Number of Retailers	Percentage of Retailers
1.	Friends	46	30.67
2.	Relatives	40	26.67
3.	Commercial Banks	38	25.33
4.	Nidhi Companies	26	17.33
	Total	150	100.00

It is evident from the table 14 that most of the retailers have used their friends as a source to raise capital to start the business. Twenty retailers have borrowed from their relatives while nineteen retailers have received loans from commercial banks. The Nidhi Companies have helped nearly thirteen retailers. It is evident that most of the retailers have borrowed from their own sources than the banks. Even in banks, the retailers were asked to provide security for getting loans. Banks took much of time to process the application and sanction the loan. Thus, insistence of security, low amount of loan, delay are the major problems faced by the retailers. When they raise capital from their relatives and money lenders (pledging of jewels, land etc.) the interest payment become heavy. Though the loans are available immediately, the loan charges are higher than the banks.

2. Working Capital Problem

3. The merchants had a hard time securing loans for operating capital for similar reasons. Banks were hesitant to give working capital to stores because of the merchants' lack of a solid financial history, therefore most of them turned to private money lenders instead. In the event of an unexpected spike in demand, shops would be unable to stock up on inventory without access to enough operating cash. Cigarettes, panparag, soaps, matchboxes, and other retail products may see price increases around the time of the budget session. It is in the best interest of stores to stock up on these products now, not only to fulfill customer demand but also to capitalize on the seasonal price increases. Festival seasons, such as wedding seasons and social temple celebrations, will be busier than usual. Therefore, shops would like to stock up in order to satisfy the unexpectedly high demand. This may happen if they were able to get enough operating capital in a timely manner. Sample merchants have relied solely on private funding sources to cover their working capital requirements.

4. Lincencing from the Corporation and Local Panchayats

The shopkeepers had a difficult time obtaining a business license. The time and effort required to get the license is substantial. The most common complaints from merchants about the licensing process are on the length of time it takes and the cost.

5. Problems relating to Rent and Rates

The rent paid by the merchants is often higher since they occupy a smaller percentage of the building. Most stores have said they pay greater rates to the owners, whereas stores in panchayat areas pay lower rents than they would in a private home. Officials also often collect other rates, such as fines and taxes. A merchant must allocate a certain percentage of monthly sales to these formal and informal contributions. Almost all sample sellers have this ongoing challenge.

6. Competition Related problems

The norm now is cutthroat competition. The influx of new individuals into any product area guarantees fierce rivalry. A percentage of the funds must be set aside for the upkeep of retail outlets to entice buyers. Consumers place a high priority on quality, quantity, and cost when making a purchase. The market cannot be won until integrity is preserved. As a result, we couldn't skimp on either price or quality. It's important to compare items in terms of cost and quality. As a result, there is increased demand from the market to maintain product quality.

7. Local Dadhas and Political Collections

When in need of funds, it is common practice for influential politicians and local organisations to band together and collect "mamools" from local merchants. In addition to the appropriate royal collections made for political gatherings, birthdays, and the occasional death of a political leader, this is something that political people do. Natural disasters such as floods, rainfall, drought, and rioting can impede retailers' development. There is no assurance that the wholesaler will sell all of the goods purchased. Therefore, stores take a chance by stocking and selling the item. To sum up, the retail industry has been experiencing significant challenges in the areas of finance, marketing, and competitiveness. Consumers are often taken advantage of by dishonest individuals. These days, it's common practice for vendors to exploit price cuts to win over customers who aren't very picky about things like quality, service, etc. Since commercial banks believe the recovery would be challenging, they are not lending freely. The government has not shown any willingness to negotiate or provide incentives to the retail sector. Therefore, the onus of the unit's operation falls squarely on the shoulders of the merchants. When the government steps in to help on a direct level, the issues begin to diminish.