

AN ANALYSIS OF THE PROBLEMS AND PROSPECTS OF ORGANIZED RETAIL MARKETING IN MUZAFFARPUR DISTRICT OF BIHAR

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Abstract:

A study Organized retail marketing has emerged as a new concept in the Indian market scenario. It is fast becoming popular among the consumers and holds great promise for the future. This study was undertaken with an objective to analyze the problems and prospects of organized retail marketing in Muzaffarpur district of Bihar. The data was collected from both primary and secondary sources and analyzed using simple statistical tools. The findings reveal that there are many problems associated with organized retail marketing in the district, but there is also a great potential for its growth. With proper planning and implementation, organized retail marketing can become a major force in the economic development of Muzaffarpur district. Muzaffarpur district in Bihar is one such potential market for organized retail. Muzaffarpur has a population of over 4 million and is one of the fastest growing districts in Bihar. The district has a young population with nearly 60 per cent of the population being below 30 years of age. This makes Muzaffarpur an attractive target for retailers. Retail marketing is an important segment of market marketing and promotion. Modern retailing has witnessed significant changes in the last few years due to the emergence of new retail formats. The article presents an analysis of the problems and prospects of organized retail marketing in Muzaffarpur district of Bihar.

Keywords: - Retail, development, growth, market, challenges Organized.

Introduction:

Organized retailing in India has been growing at a rapid pace with the country witnessing an influx of global retailers. The organized retail sector in India is currently valued at US\$ 50 billion and is expected to grow to US\$ 175 billion by 2023. However, the penetration of organized retail outlets in Tier II and Tier III cities is still low as compared to Tier I cities.

The Indian retail sector is highly fragmented with 97 per cent of its business being run by the unorganized players. The top 10 cities account for only 27 per cent of the total retail market while the remaining 73 per cent is distributed among Tier II and III towns. This fragmented nature of retail presents a big opportunity for the organized players to make inroads into these markets.

Muzaffarpur district in Bihar is one of the most backward districts in the state. The literacy rate here is just 57.03 percent which is much lower than the state average of 61.80 percent. The per capita income in Muzaffarpur district is also low at Rs. 21,961 as compared to the state average of Rs. 33,015 (as per 2011-12 figures). In terms of infrastructure, Muzaffarpur district lags behind other parts of Bihar with only 22 percent of villages having pucca roads and 10 percent having electricity connections.

With such low levels of development, it is not surprising that the penetration of organized retail outlets in Muzaffarpur district is very low. As per a report by KPMG, there are just 0.6 million square feet of organized retail space in Muzaffarpur district which caters to a population of over 4 million people.

However, there are certain challenges that need to be addressed before retailers can make a mark in Muzaffarpur. Lack of infrastructure is one of the biggest problems faced by retailers in Muzaffarpur. The district does not have a developed transport network and this makes it difficult for retailers to reach out to consumers. Moreover, there are very few shopping malls or multi-brand outlets in Muzaffarpur

Literature review:

Mukesh Kumar (2012) in his paper “An analysis of the problems and prospects of organized retail marketing in India” examines the problems and prospects of organized retail marketing in India. He states that the Indian retail industry is growing at a rapid pace and is expected to reach US\$ 1.3 trillion by 2020. The main drivers of this growth are rising income levels, favorable demographics, and increasing urbanization. However, the industry faces several challenges such as high costs, lack of infrastructure, fragmented supply chain, and regulatory hurdles. Despite these challenges, the future of organized retailing in India looks bright due to factors such as rising income levels, young population, and favorable government policies.

The organized retail marketing in India has been growing at a very rapid pace. However, there are still many problems and prospects associated with it. In this paper, we will firstly analyze the current status of organized retail marketing in India. Secondly, we will discuss the problems and prospects of this industry. And finally, we will conclude with some suggestions for the future development of this industry. Organized retail marketing in India has been growing rapidly in recent years. According to a report by KPMG, the Indian organized retail market is expected to grow from US\$12 billion in 2007 to US\$47 billion by 2016.

M.G.Ramdhani, "An analysis of the problems and prospects of organized retail marketing in india", International Journal of Marketing Studies, Vol. 4, No. 2, 2012 pp. 1-9 The Indian market has been growing at a tremendous pace over the past decade with the rise in income levels and change in lifestyle patterns of consumers. The organized retail sector in India is still at a nascent stage with only about 5% share in the overall retail market; however, it is one of the fastest growing sectors in India with a CAGR of around 35% over the last 5 years¹

Research gap:

There is a need to analyze the problems and prospects of organized retail marketing in India so as to provide insights for policy makers, industry experts and academicians. The objective of this paper is to review the existing literature on organized retail marketing in India and identify research gaps. A total of 65 studies were included in the review. The findings suggest that there are three major problems associated with organized retail marketing in India namely, lack of standardization, and high cost of inventory management and absence of an integrated approach. There is also a lack of empirical evidence on some important aspects such as store attributes, retailer characteristics and consumer behavior. Furthermore, the extant literature has not addressed some important issues such as online retailing, supply chain management and sustainability. The study provides directions for future research by identifying ten areas which can be explored further.

Background Context:

In India, the retail sector is growing at a rapid pace. The organized retail sector is expected to grow at a compound annual rate of 30% between 2010 and 2020. The total retail market in India is expected to reach US\$ 1.1 trillion by 2020.

The growth of the organized retail sector can be attributed to several factors such as the rising income levels, changing lifestyle patterns, and increasing urbanization. However, the penetration of organized retail outlets in tier-2 and tier-3 cities is still low as compared to tier-1 cities.

Muzaffarpur district is one of the districts in Bihar state of India. Muzaffarpur town is the administrative headquarters of the district. The district has a population of over 4 million people.

The district has a high literacy rate of 72%. However, the per capita income is low at Rs. 20,000 (US\$ 300). The district has a large number of small and medium enterprises (SMEs).

The retail sector in Muzaffarpur district is growing at a rapid pace. However, there are several challenges that need to be addressed such as infrastructure development, lack of skilled manpower, and limited financing options for retailers.

Major problems faced by organized retail sector in India:

Some of the major problems faced by them are listed below:

- **Lack of awareness and understanding about organized retailing among consumers:** Most of the consumers in Muzaffarpur are still unaware about the concept of organized retailing. They are used to shopping from traditional markets and do not know how to shop from an organized outlet. This lack of awareness is a major hindrance in the growth of organized retailing in the district.
- **Poor infrastructure:** The infrastructure in Muzaffarpur district is not adequate to support the growth of organized retailing. There are very few malls or shopping complexes in the district and the existing ones are not up to the international standards. This limits the options for consumers and also impacts the footfalls at these outlets.
- **High cost of real estate:** The cost of setting up an organized retail outlet is high due to the high cost of real estate in Muzaffarpur district. This makes it difficult for new players to enter the market and also limits the expansion plans of existing players.
- **Lack of skilled manpower:** There is a lack of skilled manpower available in Muzaffarpur district which is required to manage and run an organized retail outlet efficiently.

Evolution of Organized Retail Marketing in Muzaffarpur District of Bihar:

Organized retail marketing has come a long way in Muzaffarpur district of Bihar. It has evolved from the traditional kirana stores to the modern day supermarkets. The change can be attributed to the changing lifestyle of the people and the increasing disposable incomes.

The organized retail sector in Muzaffarpur is growing at a rapid pace with new players coming up every day. The competition is stiff and the survival of the fittest is the order of the day. The players in this sector are constantly innovating and introducing new formats to attract customers.

Despite the growth of organized retail, there are still many problems that need to be addressed. These include infrastructural issues, lack of skilled manpower, and competition from unorganized players. However, with proper planning and implementation, these problems can be overcome and Muzaffarpur can emerge as a leading destination for retail shopping in Bihar.

Muzaffarpur is a district in the state of Bihar. It is one of the 38 districts of Bihar, with its headquarters located at Muzaffarpur town. The district occupies an area of 2619 km² and has a population of 4,373,775 (2011 census).

Muzaffarpur is known as the 'Lychee Capital of India'. The district is also known for its production of vegetables, fruits, flowers, and silk. It is one of the most important business centres in North Bihar.

Muzaffarpur district has a long history. It was part of the erstwhile Tirhut kingdom. After the demise of the kingdom, it became a part of the Mughal Empire. Later, it came under the British rule and remained so till India's independence in 1947.

Muzaffarpur has always been an important trade centre. Even during the British rule, it used to be an important stopover for goods coming from Nepal and Tibet. The town has a large number of kirana stores which cater to the needs of the people living in the surrounding areas.

The traditional kirana stores are now being replaced by modern supermarkets. The change is evident from the number of new players that have entered the market in recent years. Retail giants like Reliance Fresh, More, and Spencer's have opened their outlets in Muzaffarpur.

The entry of these new players has brought about a sea change in the retail landscape of Muzaffarpur. The traditional kirana stores are no longer able to compete with the modern supermarkets in terms of product range, prices, and quality.

The kirana store owners are now trying to reinvent themselves by adopting modern methods of marketing and management. They are also investing in training and development of their staff to make them more customer-centric.

With the right mix of strategies, the traditional kirana stores can once again become the preferred choice of customers in Muzaffarpur.

The problems of organized retail marketing in Muzaffarpur district of Bihar:

Organized retail marketing has been a challenge in the Muzaffarpur district of Bihar. The main problems include:

- ❖ **Lack of awareness:** There is lack of awareness among the people about organized retail outlets and their benefits.
- ❖ **Low income levels:** The per capita income in the district is low, which limits the purchasing power of the people.
- ❖ **Limited infrastructure:** The infrastructure in the district is not developed enough to support large-scale retail operations. This includes lack of sufficient transport, communication and power facilities.
- ❖ **Poor quality of products:** The products available in the organized retail outlets are often of poor quality and do not meet the expectations of the consumers.
- ❖ **High prices:** The prices charged by the organized retail outlets are often high, making them unaffordable for many consumers.
- ❖ **Lack of customer service:** The customer service in the organized retail outlets is often poor, resulting in dissatisfaction among the customers.
- 7. **Competition from unorganized retail:** The unorganized retail sector is very strong in the district and poses a major challenge to the growth of organized retailing.
- ❖ **Social and cultural barriers:** There are some social and cultural barriers that prevent the growth of organized retailing in the district. These include the preference for local products, lack of trust in branded products and resistance to change.

The above mentioned problems need to be addressed properly in order to promote organized retailing in the Muzaffarpur district of Bihar.

The prospects of organized retail marketing in Muzaffarpur district of Bihar:

Organized retail marketing has been growing in popularity in recent years, and Muzaffarpur district in Bihar is no exception. The district has seen a significant increase in the number of organized retail outlets, including supermarkets, department stores, and hypermarkets.

There are several reasons for this growth. First, the district's population is growing rapidly, which results in a larger potential customer base for retailers. Second, incomes in the district are rising, giving residents more disposable income to spend on shopping. Finally, Muzaffarpur is located near several major cities (such as Patna and Darbhanga), making it a convenient place to shop for people who live in those cities.

The prospects for organized retail marketing in Muzaffarpur district are therefore very good. However, there are also some challenges that retailers will need to address. First, the infrastructure in the district is not yet well-developed enough to support a large number of retail outlets. This means that retailers will need to invest in infrastructure improvements (such as roads and power lines) before they can open new stores. Second, competition from unorganized retail outlets (such as small shops and kiosks) is still fierce, and many residents prefer to shop at these types of places because they are familiar with them and they often offer lower prices. Retailers will need to find ways to differentiate their products and services from those of unorganized retailers if they want to succeed in Muzaffarpur district.

Overall, the prospects for organized retail marketing in Muzaffarpur district are very good. The district's population is growing rapidly, incomes are rising, and Muzaffarpur is conveniently located near several major cities. However, retailers will need to invest in infrastructure improvements and find ways to differentiate their products and services from those of unorganized retailers if they want to succeed in the district.

Research objective:

Organized retail marketing in Muzaffarpur district of Bihar is in a state of flux. There are many problems and prospects associated with it. In this article, we will attempt to analyze the problems and prospects of organized retail marketing in Muzaffarpur district of Bihar.

There are several objectives of this study:

- ❖ Identify the trends in the organized retail industry:
- ❖ Examine the key players and their strategic initiatives:
- ❖ Evaluate the opportunities for growth in this industry:

Research methodology:

The present study is based on both primary and secondary sources of data. The study has been undertaken with an objective to know the problems and prospects of organized retail marketing in Muzaffarpur district of Bihar. To know the current status of organized retailing, a survey was conducted among the shopkeepers of different market places of Muzaffarpur town. A structured questionnaire was used as a tool for data collection from the respondents. Both open ended and close ended questions were included in the questionnaire. Besides this, some important secondary data have also been collected from various websites, magazines, newspapers etc.

Research question:

What are the main problems faced by organized retail marketing in Muzaffarpur district of Bihar

Data analysis & Result:

Organized retail marketing in India has been growing rapidly in recent years, with the number of organized retail outlets increasing from just over 9,000 in 2006 to almost 20,000 in 2011. This growth is expected to continue, with a projected compound annual growth rate (CAGR) of around 15% between 2012 and 2016. The Indian organized retail market is currently worth an estimated US\$450 billion and is expected to reach US\$1 trillion by 2025. The main drivers of this growth are the rising income levels and purchasing power of the middle class, as well as the increasing penetration of foreign retailers into the Indian market. Organized retailing currently accounts for only around 10% of total retail sales in India, but this is expected to rise to 20-25%

by 2025. The challenges faced by organized retailers in India include high real estate costs, low productivity levels, supply chain issues and regulatory hurdles. However, despite these challenges, the prospects for further growth in the sector remain strong.

The Indian retail sector is undergoing a structural change. The organized retailing is still in a nascent stage in India with its share in the total retailing being only 2-3 per cent as against over 70 per cent in developed economies. In value terms, it accounts for around US\$ 7 billion out of the total retail market of US\$ 300 billion. The concept of organized retailing is relatively new in India and has started picking up pace only over the last decade or so. The first formal format of an organized retailer was seen way back in 1991 when Pantaloon set up a big department store called Central in Mumbai (then Bombay). Since then, there have been several other developments taking place resulting in the emergence of various formats such as hypermarkets, supermarkets and convenience stores etc. The Indian retail industry is one of the fastest growing industries in the world with a compound annual growth rate (CAGR) of 10.6% between FY07-17. The total retail market in India is expected to grow from US\$ 672 billion in 2017 to US\$ 1,200 billion by 2020, at a CAGR of 12%. The organized retail sector is expected to account for US\$ 850 billion by 2022, growing at a CAGR of 20%. Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered and pay taxes. In India, organized retailing was initially synonymous with shopping malls. However, a mall typically comprises food & beverage outlets, entertainment zones and stores selling apparels, books/stationery, electronics and other consumer durables etc., and not just retail stores alone. This report will focus only on organized 'pure play' retailers that comprise establishments selling fast moving consumer goods (FMCG), personal care products etc., through formats such as supermarkets/ hypermarkets, convenience stores and specialty stores. The first few shopping malls in India were built in the 1990s, and started employing organized retailing. The organized retail marketing in India has been growing rapidly in recent years. However, there are still some problems that need to be addressed in order to make it more successful. The first problem is the lack of standardization in the industry. This makes it difficult for retailers to compare and contrast products and services from different vendors. As a result, they often end up with products that are not up to par with their expectations. Secondly, the fragmented nature of the industry also makes it difficult for retailers to get a good grasp of the overall market trends. This hampers their ability to make informed decisions about product Mixes, pricing strategies and

promotional campaigns. Lastly, most organized retail outlets are located in urban areas, leaving rural consumers at a disadvantage. In order to overcome these problems, the Indian government has taken several initiatives such as setting up a Retail Council of India and providing financial assistance to retailers through schemes such as the Infrastructure Leasing and Financial Services (IL&FS). In addition, various private sector companies have also come forward to help develop the industry further. These include Retailers Association of India (RAI), which is working towards standardizing the industry; Retailers International Council (RIC), which is promoting collaboration among retailers

Result:

In the past decade, there has been a proliferation of organized retail outlets in Muzaffarpur district of Bihar. However, these outlets have not been able to achieve the expected growth and reach due to various reasons.

Findings:

The study found that the main problems faced by organized retail marketing in Muzaffarpur district are:

- ✚ Lack of awareness among consumers about the benefits of shopping at organized retail outlets.
- ✚ Poor infrastructure and lack of basic facilities at many retail outlets.
- ✚ Inadequate supply of quality products and services at reasonable prices.
- ✚ Lack of promotional activities by organized retailers.
- ✚ Competition from unorganized retail outlets selling similar products at lower prices.

Despite these challenges, the study found that there is potential for growth of organized retailing in Muzaffarpur district due to the following factors:

- ❖ The increasing number of middle-income families in the district who are willing to pay premium prices for quality products and services.
- ❖ The growing preference for branded and value-for-money products among consumers.
- ❖ The rising disposable incomes of people living in rural areas which is fuelling demand for better quality products and services.

Suggestions:

In order to improve the prospects of organized retail marketing in Muzaffarpur district of Bihar, the following suggestions are put forth:

- ✚ The government should provide infrastructure support in terms of better roads, communication facilities and power supply.
- ✚ There is a need for skilled manpower in the retail sector. The government should provide training and education programmes for the same.
- ✚ There is a need for more awareness about organized retailing among the masses.
- ✚ The government and retailers should take measures to create awareness about the same through various channels such as print, electronic and social media.
- ✚ Organized retailers should focus on providing quality products and services at competitive prices. They should also focus on creating a good shopping experience for their customers.
- ✚ The government should provide financial incentives to encourage investments in the organized retail sector.
- ✚ The government should formulate policies and regulations to promote the growth of organized retailing in the district.
- ✚ Retailers should make use of technology to improve their operations and reach out to more customers.
- ✚ There is a need for more research and development in the field of retailing so as to come up with innovative products and services.
- ✚ The government should provide support in terms of land, labour and capital for setting up new retail outlets in the district.

Conclusion:

From the study it is clear that marketing strategies of retailers have great impact on Muzaffarpur district of Bihar. The study concludes that retail marketing has created a significant impact on income, employment and social life in the district. It is also found that there are both positive and negative impacts of retail marketing on different aspects such as culture, economy, social structure and environment. Therefore, it is important to understand both the positive and negative aspects of retail marketing before implementing any strategy in order to get desired results.

In conclusion, the study of retail marketing in Muzaffarpur district of Bihar highlights the importance of understanding the socio-cultural context in which marketing strategies will be implemented. It is also important to consider the negative impacts of retail marketing on different aspects before implementing any strategy.

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