



## Buying Behaviour and Promotion of Silk Retailing in Tamilnadu (With Special reference to Kanchipuram District)

### KEYWORDS

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### INTRODUCTION

India is the only country in the world which produces all varieties of silk namely tasar, muga and mulberry. India occupies a predominant position in the world and it is the second largest producer of silk after China. Though Indian silk industry occupies a predominant position in the world, its production is only 15% of total world production and more than 80% of production is contributed by China. India's export has adequately progressed during the study period with both quantity and value of export showing high and significant growth. Retailing outlets are the main source of purchase for consumers. Around 80 percent of the customers buy goods from retailers, while 20 percent goes to the wholesalers and manufacturers. Retailing includes all activities involved in selling the products and services to the ultimate consumers. The study reveals remarkable facts connected with "Buying behavior and promotion of silk retailing in Tamilnadu", today status of silk industry and the significant changes in it over the last decade or so are dealt with in some detail in the paper.

India is the second largest producer of raw silk after China and the biggest consumer of raw silk and silk fabrics in the world. China produces 81% of the world's mulberry raw silk and India produces 14.4% of world's raw silk production. Currently, the demand for raw silk in India is about 26,000 Metric Tons, of which 18,000 Metric Tons is produced in the Country and the rest of 8,000 Metric Tons is imported from China. Demand for raw silk is growing by 5% annually. Thus, there is a wide scope for development and expansion of Sericulture in India. Tamil Nadu is ranked 4th among all the silk producing states in India after Karnataka, Andhra Pradesh and West Bengal. In Tamil Nadu, Sericulture activities are practiced in Krishnagiri, Dharmapuri, Salem, Erode, Coimbatore, Vellore, Namakkal, Dindigul, Theni, Thiruvannamalai, Villupuram, Cuddalore, Tiruchirappalli, Thanjavur, Pudukottai, The Nilgiris, Virudhunagar, Thirunelveli and Kanyakumari districts.

Nowadays retail business is not an easy job. The shops are trying hard surviving, and sustain the same turnover every year. The main problems the retailers face today are financial crisis, lack of investment, less margin and competition. This is a vicious circle. Due to financial crisis the retailers are not able to invest more into their business as the customers are going for cheaper goods. Cheap products are available in plenty. So margins are very low due to stiff competition. Earlier, customers used to give high importance to the quality of their products. But now customers are very price conscious and are willing to pay only less for more. So the new generation retailers sock more of low quality of goods to give goods at low prices. But still there are some people who go for quality goods.

Traditional shopkeepers are trying to gain from that segment by not compromising on quality. Also the customers are more demanding now regarding the selection and variety of goods. The retailers are left with no option but to stock more goods in their inventory to attract and retain customers. Customers

demand discounts even though the retailer has put only less margin and it has become a habit of the customer to ask for discounts and free gifts from the retailer. In that way also the retailer suffers a setback in the profit margin.

The retailers are facing competition in various ways. New shops open very often and in order to grab the customers they reduce the margin thus forcing the existing retailers to do the same. So the retailers reduce their margin to attract more customers and try to gain profit by increasing their turnover. The other competitions the retailers face today are from installment business, small units, pavement vendors and seasonal stalls. Semi-urban customers find it easy to pay monthly, even though at a higher price, than going for cash purchase. Small units like loom world and Co-optex (both neighborhood initiatives) affected the business only in very few places, that too of only small shops. Sellers on the pavement and stalls have affected the shops mainly during festival seasons like Deepavali and pongal.

The silk industry in Kancheepuram is one of the fastest growing industries in India. The industry currently employs more than 30,000 weavers in the art of saree making. This was not the scenario in the past. The industry had to compete with the synthetic fiber industry in many aspects. One of the major drawbacks of the silk industry in Kancheepuram was the lack of support from technology. The industry was on the brink of extinction due to the obsolescence of the designs and design making procedures. This is because, design adds splendor to a saree and forms an integral part of its exquisiteness. The recent development in the designing field shows the introduction of computerized Jacquard borders in Kancheepuram silk saree.

### BACKGROUND OF THE STUDY:

The retailer should be aware of the latest fashion, designs and material and must put those goods in their inventory at the right time. So he is faced to be in the buying market to know the latest trends and price fluctuations. Due to stiff competition, installments, wholesale-retail concept and more players in the market, the retail merchants are forced to reduce their margins and procurement of stocks at competitive rates has become all the more important.

### OBJECTIVES:

The study is aimed at understanding the silk retailing business. The specific objectives are as follows:

- To get an insight of the silk retail sector in Tamilnadu
- To understand the purchasing behavior of silk retailing owners
- To understand the important strategies the retailers adopt to bring in customers.

### METHODOLOGY

Discussion with proprietors and salespersons of the silk retail shops were held in order to get an insight about retailing, their purchasing behavior, strategies adopted and custom-

er preferences. A pilot study was conducted to finalize the method and questionnaire for primary data collection.

A sample of 125 retailers was taken based on judgments. This includes 80 retailers from urban areas and 45 from semi-urban areas (urban areas include cities, towns and corporations whereas semi-urban areas include municipality, Panchayath and village areas). The study was conducted in Kanchipuram district, the leading showrooms and Commercial centre of Kanchipuram, and some parts of the adjacent districts viz., Thiruvannamali, villupuram and vellore, all of the which come under central Tamilnadu.

#### Data collection:

The data required for the study has been collected through questionnaire and personal interviews. Dichotomous, multiple choice and open-ended questions were used.

#### Alert:

The same size for the survey was 125, which may not be the true representation for a place having more than 500 shops. Shops with annual sales turnover of Rs. 1 million to 10 million were taken as sample. Hence generalizations should be made with caution.

#### FINDINGS

The same turned out to be 45 traditional retailers, 65 modern retailers (traditional retailers mean retailers whose businesses are being carried out for generations and modern retailers mean new shops) and 15 others.

#### Location of shops

About 83 % of the shops are located at main road, 11 % at Silk market and 6 % at pocket roads. As such, the retail silk shops don't have any distinct silk market except in a few places.

#### Customer Segments

As the survey was conducted concentrating on the middle segment shops, about 80% of the customers who purchase mainly from these shops are middle class people.

**Table No.1**

#### Customer Segments

Class of customers	Urban	Semi-Urban
Lower	15%	30%
Middle	65%	59%
Upper Middle	15%	10%
Upper	5%	1%

#### Type of Customers

Most of the customers of shops in the semi-urban area are local people. But retailers in urban area have customers from local as well as the surrounding areas. The retailers also have business purpose customers (Marriage and festivals etc.) and also sales to travelers if they are located in tourist place.

**Table No.2**

#### Type of customers of Shops

Type of customers	Urban (%)	Semi-Urban (%)
Travelers	40%	24%
Local people	35%	59%
Surrounding Area	10%	7%
Business Purpose	15%	10%

#### Age of the customer

Majority of customers both segments are middle age, and then come the young women. The young female come to these all goods silk shops. The middle aged customers are inclined to braded goods, exclusive shops and fashion shops. The old people also purchase along with the family members.

**Table No.3**  
**Different Classes of Customers**

Group of Customers	Young Adult (25-34)	Middle age(35-55)	Old age (Above 55)	Total
percentage	20	50	30	100

#### Type of Goods

**Table No.4 Item of sale**

Proportion of Items	Tassar	Eri	Muga	Banaras	Total
Percentage	20	25	23	32	100

Silk - the queen of all fabrics is historically one of India's most important industries. India produces a variety of silks called Mulberry, Tasar, Muga and Eri, based on the feeding habit of the cocoons.

#### Frequency of purchase

Twenty eight percent of retailer's purchase weekly, 3 % purchase fortnightly, 24 % purchase monthly and 45 % purchase as and when required.

**Table No. 5 Frequency of purchase**

Location of shop	Weekly	Fortnightly	Monthly	When need comes
Urban	48	5	8	40
Semi-Urban	6	0	43	51
Total	28	3	24	45

#### \*Data in percentage

Urban retailers mostly go for weekly purchases and when the need comes about 80%, as the competition and change in trend is severe here. Semi-urban retailers purchase monthly 43 % or when the quantity needed for goods in large 51 %, considering the transportation cost

#### Mode of purchase

Most of the customers they can pay the spot cash payment at the time of purchase some occasional cases 20 % of customers they can use the credit cards.

#### GENERAL FINDINGS

##### Sales people

In urban areas the retailers select employees who have experience, basic education, conversation skills and good reference whereas in semi-urban area employees are selected from the surrounding areas and from poor families to give them a living. The salary of salesmen gets in urban areas ranges from 5500-7500 plus some allowances, whereas in a semi urban area it ranges from 3500-4500 plus allowances. In most shops 70 % of the salesperson is female. The training is mostly on the job training given by senior salespersons.

##### Promotion

Majority of the shops design their layout in such a way that the customers could see and select the goods, the salesperson could easily reach out and it avoids robbery as well. Only urban retailers do colours combinations in their walls, separate counters, light arrangement and son on and so forth.

#### SUGGESTIONS

- (i) Increase in turnover should be achieved by reducing the margin of profit in this competitive era to survive in the long run.
- (ii) Keep updates about the price fluctuations and new fashions in the suppliers market.
- (iii) Always be in a receptive mood to know the preference and taste of customers.
- (iv) Add more products to the product line other than silks to attract customers
- (v) Build good relationship with the customers, enquire their requirements and complaints

This is one of easiest ways of reaching the customers in today's e-savvy world. The market gaps need to be removed completely for the Kancheepuram saree industry to flourish in the coming years. Right use of Information communication technology will not only assist in stopping the market for Kancheepuram saree from shrinking but also help the traditional craft to prosper. Use of ICT will facilitate in tapping newer markets for Kancheepuram Saree.

#### CONCLUSION

The silk retailers are facing stiff competition and find it very tough to keep up with changing tastes and preferences of the buyers. Competition from unorganized sector and too

many players to compete with, make the struggle of the retailers difficult. In recent years, the profitability of the Indian silk-reeling industry has been reduced by the import of cheaper raw silk and the high prices of cocoons. In addition, the productivity of the sector is low because there have been no systematic attempts to upgrade its technology, conserve energy or recover by-products. Even so, after China, India is the world's second largest producer of silk -the queen of textiles - producing about 14,000 metric tons a year. In order to succeed in silk retailing, the retailers should be able to offer good quality, variety in the latest trends and value for money, keeping a good image of the outlet all the time.