

Trends of Large Scale Retailing in Bangladesh**Marketing**

Keywords: Retail, adulterated food, Variety of products, Bangladesh.

S. M. Sohel Ahmed

Department of Marketing, Lalmatia Girls College, Dhaka, Bangladesh

Abstract

Bangladeshi large scale retail stores are changing along with the change of time. So this paper tries to find out the current trends of Bangladeshi large scale retail stores. This study adopts with qualitative in nature. Here, women are coming outside from the four walls and work with male hand in hand. So they are busy. People want to save time. The large scale retail stores can enjoy competitive advantage if they emphasize on fresh product, variety products, and fixed price, neat & clean, availability of exceptional products, card facilities, central A/C and promotional offer.

Introduction*An Overview of Retailing*

The word 'Retail' is derived from a French word with the prefix re and the verb tailor meaning "to cut again". Evidently, retail trade is one that cuts off smaller portions from large lumps of goods. It is a process through which goods are transported to final consumers. In other words, retailing consists of the activities involved in selling directly to the ultimate consumer for personal, non-business use (<https://www.scribd.com/document/139715168/Bangladesh-retailing-industry>).

Modern organized food retailing constitutes about 8 percent of Bangladesh's estimated \$16 billion food retailing sector and is estimated to be growing at 15 percent per year. Overall retailing is growing about 7 percent per year due to both economic growth and urbanization. The top 20% of the population in terms of income accounts for 41.4% of total consumption, implying modern retail has the potential to quintuple in turnover with time.²⁴

Status of the Retail Market in Bangladesh

Retail trade is a traditional business in Bangladesh. Its expansion is keeping pace with the country's population growth and changes in consumption patterns consistent with economic growth. This expansion has not been structurally organized. Until recently, retail had never been perceived as an industry, but rather as an individual or family business with a very limited scope for organized expansion. Little to no market information is available on the retail sector, though industry sources indicate that the size of the food retail sector in Bangladesh could have been \$16 billion in 2010, and the number of retail grocery shops could number more than 1 million.

²⁴https://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Food%20Retail%20Sector%20in%20Bangladesh_New%20Delhi_Bangladesh_7-3-2013.pdf

Retail is a large source of employment in Bangladesh (12 percent), and together with wholesaling it contributed a combined 14.3 percent to Bangladesh's GDP in FY 2010/11. Retail and wholesale growth averaged over 7 percent in the last decade (Bangladesh Bureau of Statistics, 2011).

Types of retail shops in Bangladesh

Retail shops in Bangladesh range from open-air temporary shops to well-equipped modern Supermarkets. The following classifications may be applied:

1. Open-Air Temporary Shops: These shops are the most traditional type of retail shops in Bangladesh, and they are visible both in rural and urban areas throughout the country. Primary commodities like fresh vegetables, fruits, fish and semi-processed homemade foods are sold in this kind of shop.²⁵

2. Roadside Shops: These small grocery shops are visible throughout the country. Roadside shops together with the open-air temporary shops constitute around 70 percent of the retail sector business. Typical floor space ranges between 30-100 square feet India.²⁶

3. Municipal Corporation Markets: Shops in municipal corporation markets are arranged according to the kind of commodity they carry, such as fish, meat, vegetables, fruits and groceries. These shops appear in the semi-urban and urban areas. Imported foods and processed food items are available but limited to those purchased by the middle class. This category represents about 22 percent of the food retail sector in Bangladesh.²⁷

4. Convenience Stores: Convenience stores are generally located in more affluent urban areas. Customers are upper-middle to upper-class locals and foreigners. These stores are major outlets for imported food items and high-quality local products, and they represent about 6 percent of the retail sector.

5. Supermarkets: These are the most recent additions to the retail sector in Bangladesh, where they began appearing less than 20 years ago. With the success of the pioneer supermarkets, this type of store already has attracted investors' interest, and new outlets are quickly coming into operation. is estimated at about 2 percent of food At present approximately 200 supermarkets are in operation, of which around 40 are located in Dhaka.²⁸

As of 2013, an estimated 30 companies operate about 200 supermarket-format retail outlets in Bangladesh. These chains are gradually gaining popularity among the urban population in major Bangladeshi cities.

²⁵ (<https://www.scribd.com/document/139715168/Bangladesh-retailing-industry>).

²⁶ Ibid

²⁷ Ibid

²⁸ Ibid

However, socioeconomic changes (e.g., rising per-capita incomes, increasing urbanization, and a growing number of women working outside the home) necessary for consumers to adopt supermarkets are proceeding more slowly in Bangladesh than in neighboring India and Sri Lanka. By comparison, Sri Lanka's population of 22 million shops at 240 supermarkets, while Dhaka's 15 million inhabitants do not yet enjoy even 50 such stores.²⁹

Rahimafrooz Superstores Ltd. opened Agora, Bangladesh's first supermarket chain, in Dhaka only in 2001 with four outlets, and in June 2013 opened its thirteenth outlet. In quick succession, Agora was followed by Nandan, initially with two large-format outlets, later to expand; then to contract back to two; and Meena Bazar with four medium-format outlets, by 2013 having expanded to 18 (in 2013, Nandan sold two stores to Meena Bazaar). In 2008, ACI Ltd. launched its own retail chain, Shwapno (operated by the ACI Logistics Ltd. subsidiary), with 59 outlets in 16 district towns, including Dhaka and other major cities. By 2013, Dhaka had roughly 40 supermarkets, including smaller ones like Almas (4), Carrefamily (2), Pick & Pay (2) and Prince Bazar (2). In addition to Dhaka, these supermarkets are located in Chittagong, Sylhet, Rajshahi and Khulna.³⁰

Current Market Scenario: At a strong rate of 15-percent annual sales growth, about 30 companies with more than 200 outlets already have ventured into the food modern retail industry in Bangladesh. The annual turnover for supermarkets now stands at around BDT 15.0 billion (\$192 million), according to the Bangladesh Supermarket Owners Association (BSOA). BSOA data also indicate that the retail market, which currently is worth about BDT 747.50 billion (\$9.6 billion), is growing at an annual rate of 14 percent and will reach BDT 1307.38 billion (\$16.8 billion) by 2015 and BDT 3027.25 billion (\$38.8 billion) by 2021. Industry observers believe the supermarkets will reach turnover of BDT 75.7 billion (\$971 million) by 2015 and BDT 206.5 billion (\$2.6 billion) by 2021 at an anticipated annual growth rate of 30 percent. This rise in the growth rate from 15 to 30 percent is expected due to changes in buying habits of Bangladesh's middle and upper classes, as well as government policies supporting growth of the supermarket segment, including repeal of the 30-percent tariff on imported cabinets, showcases, display counters, and refrigerators used in VAT-registered supermarkets. BSOA leaders also claim that they are offering a hassle-free shopping environment and hygienic commodities, thus earning the appreciation of middle- and upper-class consumers.³¹

Challenges: Supermarket companies attribute their non-traditional form of retail and weaknesses in establishing proper and sufficient supply chain management as the reasons they have failed to grow as rapidly in Bangladesh as elsewhere in Asia. Other major challenges that the supermarkets face include, but are not limited to, a narrow customer base, high tariffs on imported food products, a shortage of experienced manpower needed to run the outlets, the unavailability of retail spaces with appropriate sizes and locations, and the very high cost of capital.

²⁹ Ibid

³⁰ Ibid

³¹ Ibid

The existing policy discriminates against supermarket retail, as small shops have a reduced value-added tax (VAT) rate under the package system while supermarkets are paying 4% VAT. Bangladesh has a mix of supermarket setups, with some providing the full supermarket layout (Khulshi Mart, Shwapno, Well-Mart and Agora) and others choosing a smaller format.³²

Objective of the Study

The present paper seeks to highlight the trends of large scale retailing in Bangladesh. The main objective of this study is: To detect why individual consumer go to large retail outlets.

Methodology of the Study

According to the nature of the study and type of information required personal visit and in depth interviews with the concerned consumers was conducted. This study adopts with qualitative in nature. Besides primary information and secondary information was collected. The study is limited within Dhaka city.

Result

Seven persons have been interviewed and the 100% respondents go to the large scale retail shops for the following reasons:

1. Exceptional products;
2. Variety of products;
3. Fixed price(barcode);
4. Quality products;
5. Card facility;
6. Hygienic products
7. Clean environment;
8. Carrying facilities;
9. Promotional offer.

The following complain has been received from the respondents:

Date expired products have been sold
High price
Excess VAT
Weight problem

³² Ibid

Conclusion

People in Bangladesh are becoming busy day by day. Demography has been reshaped due to the development of telecommunication. The concept of large scale retailing is totally new in Bangladesh. Here, people want to save their time. That is why they go to large retail shop. This study is qualitative in nature. Both primary and secondary data has been used. Depth interview technique has been followed for the study. Respondents like to go to the large scale retail shops, for instance fresh products, exceptional products, variety of product lines and mixes, imported products, fixed price etc. Future of large scale retailing in Bangladesh is very high.

Works Cited

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