

CHAPTER-I

Research proposal – Problems and Prospects of Retail Crackers Marketing Platforms

1.1 INTRODUCTION

The retail cracker shops in Sivakasi, known as India's fireworks hub, face a dynamic landscape filled with both problems and opportunities. Key problems include stringent government regulations, fluctuating raw material costs, environmental concerns, and competition from online sales and unorganized markets. Additionally, seasonal demand, safety compliance, and transportation restrictions pose operational hurdles. However, prospects exist in the form of increasing festival celebrations, evolving consumer preferences for eco-friendly crackers, and the potential for digital marketing and e-commerce expansion. By embracing innovation, ensuring compliance, and adopting sustainable practices, retailers in Sivakasi can navigate problems and capitalize on emerging market trends.

Retail marketing refers to the selling of goods and services to the end consumers in accordance to the preference and tastes. Retailers' cost and profit vary depending on their type of operation and major product line. Their profit is usually a small fraction of sales and is generally about 9-10%. Retail stores of different sizes face distinct problems and their sales volume influences business opportunities, merchandise purchase policies, nature of promotion and expense control measures. For instance, what was once a strictly made-to-order market for clothing has now changed into a ready-to-wear market. Flipping through a catalogue, picking the right colour, size, and type of clothing a person wanted to purchase and then waiting to have it sewn and shipped was the standard practice in the earlier days. India is one of the top ten emerging retail markets all over the globe. There are approximately 4.3 million retail outlets spread over the nation, which require about 3.25 million retail personnel at present. With such a huge potential retail management offers limitless job prospects in supply chain, exporting houses and departmental stores. Retail marketing is comprised of the activities related to selling products directly to consumers through channels such as stores, malls, kiosks, vending machines or other fixed locations, according to the Free Dictionary.

1.1.1 HISTORY OF SIVAKASI'S FIRECRACKER INDUSTRY

1. Origins:

The firecracker industry in Sivakasi traces its roots back to the 1920s, when two entrepreneurs, Ayya Nadar and Shanmuga Nadar, returned from Calcutta (now Kolkata) with the idea of producing safety matches. Over time, this evolved into firework manufacturing as demand for celebratory items grew in India.

2. Growth and Expansion:

By the mid-20th century, Sivakasi had become the hub for fireworks manufacturing, owing to its dry climate, which is ideal for storing and handling explosive materials. The industry quickly expanded to include hundreds of production units, employing thousands of workers.

3. Economic Impact:

Today, Sivakasi contributes nearly **90% of India's fireworks production**, serving both domestic and international markets. The town has built a reputation for offering high-quality and innovative fireworks.

4. Transition to Retail:

Initially focused on wholesale production, Sivakasi's industry adapted to retail as customer demand shifted. Shops began selling directly to consumers, especially during festive seasons like Deepavali, which remains the peak sales period.

5. Problems and Innovations:

The industry has faced problems like regulatory restrictions, environmental concerns, and competition from illegal fireworks. In recent years, efforts have been made to adopt eco-friendly production methods, including "green crackers" to comply with environmental norms.

6. Current Trends

Retail shops in Sivakasi now cater to both local and outstation customers, with many offerings discounted rates and bulk purchase options. Festive seasons see a significant influx of customers from across India, boosting retail activity.

1.1.2 RETAILING BUSINESS IN CRACKERS AT SIVAKASI

Sivakasi, a town in Tamil Nadu, India, is known as the "fireworks capital of India" and a major hub for the manufacturing and retailing of fireworks (crackers). The retail cracker business in Sivakasi is deeply rooted in tradition, catering to both local and global markets. Here are some key points about the retailing business in crackers at Sivakasi:

1. Industry Hub:

- Sivakasi houses over 1,000 fireworks manufacturing units and is responsible for around 80-90% of India's fireworks production.
- The town is renowned for its high-quality fireworks, including sparklers, rockets, and larger aerial shells.

2. Retail Structure:

- Retailing in Sivakasi typically involves a combination of **local shops** and **wholesale distributors**. Many of these retailers operate both physical stores and online platforms, especially during peak seasons.
- The cracker retail business in Sivakasi peaks during festivals like **Diwali**, where fireworks are an integral part of the celebration. Other key seasons include **New Year** and **Pongal**.

3. Local and National Demand:

- Retailers in Sivakasi cater to both **local consumers** (residents and nearby towns) and **pan-India buyers**. Retail stores sell in bulk to wholesalers and smaller shops across India.
- Many firework companies also export their products internationally, especially to countries with significant Indian diaspora populations.

4. Seasonal Business:

- The cracker business is highly seasonal, with demand surging primarily during Diwali. Retailers often increase stock in the months leading up to the festival, anticipating higher sales.
- To manage this seasonality, Sivakasi retailers often rely on **pre-order systems** and **flash sales** to ensure they meet consumer demand.

5. Competition and Pricing:

- Sivakasi is highly competitive, with numerous manufacturers and retailers vying for market share. Prices vary based on quality, brand, and packaging, with both premium and budget options available.
- Retailers often offer discounts, bulk purchase offers, and special festival promotions to attract customers.

6. Challenges:

- **Safety and Regulation:** Strict government regulations on fireworks safety, transportation, and pollution control impact retailing strategies. Retailers must adhere to **legal standards** to ensure public safety and compliance.

- **Environmental Concerns:** Growing concerns over noise and air pollution during festivals have led to calls for restrictions on firework sales, affecting the overall market.
- **Supply Chain Issues:** During peak seasons, maintaining a steady supply of quality fireworks and managing logistics can be challenging due to high demand.

7. Opportunities:

- **E-commerce Growth:** With the rise of online shopping, many Sivakasi-based businesses have expanded their retail presence on e-commerce platforms like Amazon and Flipkart.
- **Eco-friendly Products:** There's an emerging demand for **eco-friendly** or **low-emission fireworks**, providing an opportunity for retailers to innovate and appeal to environmentally conscious consumers.

8. Role of Local Retailers:

- Local retailers in Sivakasi are integral in educating customers about the variety of crackers and ensuring safe handling practices. They also act as key promoters of fireworks during festive seasons.

1.1.3 BACKGROUND AND SIGNIFICANCE

Sivakasi's firework industry has its roots in the 1920s when it started as a small-scale initiative to provide employment to the local population. Over the decades, the industry has grown exponentially, becoming a major contributor to the region's economy and a key player in India's festival and celebration culture.

The industry supports thousands of families, both directly and indirectly, through employment in manufacturing units, raw material supply chains, and logistics. This makes the sector not only an economic driver but also a cornerstone of the community's livelihood.

Sivakasi, often referred to as the "fireworks capital of India," has a substantial number of retail firecracker shops operating under strict licensing systems. As of recent reports, there are approximately **2,317 shops licensed under the District Revenue Officer (DRO)** and **646 shops licensed by PESO (Petroleum and Explosives Safety Organization)** in Virudhunagar district, which includes Sivakasi.

The licensing process ensures that retail shops comply with safety norms and legal regulations. However, problems such as delayed issuance of licenses and the impact of illegal cracker production persist. New licenses continue to be issued, with significant competition among retailers during the festive seasons.

1.1.4 RETAIL FIRECRACKER SHOPS IN SIVAKASI: COUNTS AND HISTORY

Retail Shops Count

Sivakasi, located in Tamil Nadu, is home to a majority of India's firecracker production and retailing units. The town supports a substantial number of retail shops dedicated to selling fireworks. According to recent data:

- **District Revenue Officer (DRO)-licensed shops:** Approximately **2,317**.
- **PESO (Petroleum and Explosives Safety Organization)-licensed shops:** Around **646** in the Virudhunagar district, which includes Sivakasi. This makes a total of nearly **3,000 licensed shops**, highlighting Sivakasi's prominence in the firecracker retail business.

1.2 STATEMENT OF THE PROBLEM

Marketing platforms play a crucial role in connecting businesses with customers, enabling them to expand their reach and enhance sales. However, these platforms face numerous problems and opportunities, especially in niche markets like retail crackers in Sivakasi. Sivakasi, known as the hub of firecracker manufacturing in India, has a well-established retail cracker industry that relies heavily on seasonal demand, regulatory compliance, and shifting consumer preferences.

One of the major problems faced by marketing platforms in this sector is the increasing restrictions on firecracker sales due to environmental concerns and government regulations. Additionally, changing customer behaviour, influenced by digital transformation and e-commerce trends, presents both obstacles and prospects for traditional retailers. Many retailers struggle to adapt to modern marketing techniques, such as online sales, digital advertising, and social media promotions, which could otherwise help them expand their customer base. Furthermore, competition among local retailers, fluctuating raw material prices, and safety concerns add to the complexities of marketing in this sector. While digital platforms offer an opportunity for wider market access, many retailers lack the necessary expertise and infrastructure to leverage these tools effectively.

This study aims to analyse the key problems and prospects facing marketing platforms in the retail cracker industry in Sivakasi. By understanding these factors, businesses can adopt better marketing strategies, improve customer engagement, and ensure sustainable growth in a highly regulated and competitive market.

1.3 SCOPE OF THE STUDY

The firecracker industry in Sivakasi, known for its significant contribution to India's market, faces increasing problems due to government regulations, environmental concerns, and shifting consumer behaviour. While marketing platforms have the potential to expand market reach and improve sales, many retailers struggle to adopt digital marketing, e-commerce strategies, and social media promotions. Additionally, competition among local retailers, fluctuating raw material prices, and safety concerns further complicate marketing efforts. This study aims to investigate these problems and assess the prospects digital platforms provide for retailers. By identifying key obstacles and potential solutions, the study will help businesses in the retail firecracker industry develop effective marketing strategies, enhance customer engagement, and achieve sustainable growth in a highly regulated and competitive market.

1.4 OBJECTIVES OF THE STUDY

The following are the objectives of the study.

1. To examine the socio-economic profile of the respondents.
2. To measure of the product strength in our study area.
3. To measure the level of satisfaction in technology usage of the retail crackers for the study.
4. To analyse the association between socio-economic profile of the respondents and their problems in accessing marketing platforms.
5. To offer the suitable suggestions for the findings of the study.

1.5 HYPOTHESES

To attain the above said objectives, the following hypotheses are framed.

1. **(H₀):** There is no relationship between gender of the respondents and strength of their products.
2. **(H₀):** There is no relationship between nature of residence and their business platform.
3. **(H₀):** There is no relationship between Gender and their satisfaction level of technology usages.
4. **(H₀):** There is no relationship between Educational Qualification and challenged faced by the marketing platforms.

1.6 RESEARCH METHODOLOGY

This study follows a systematic approach to gathering and analysing data to achieve the research objectives. It includes selecting appropriate methods for data collection, analysis, and interpretation. The research design outlines whether the study is qualitative, quantitative, or a combination of both. Data collection techniques such as surveys, interviews, or experiments are chosen based on the nature of the study. Additionally, sampling methods are used to ensure accurate representation of the target population. Proper considerations, reliability, and validity are also maintained throughout the research process to ensure dependable and meaningful results.

1.7 RESEARCH DESIGN

The study on the effectiveness of Retail marketing practices on problems and prospects facing marketing platforms- a special reference to retail crackers in sivakasi. It will use a “Descriptive Research Design”. This research design will involve collecting data through surveys to describe the current state of retail marketing practices in the industry and identify areas for improvement. The data collected will be analysed using descriptive statistics to provide a summary of the key findings. The descriptive research design is appropriate for this study as it will enable the researchers to obtain a comprehensive understanding of the retail marketing practices in the industry.

In a “Descriptive Research Design”, the researcher is solely interested in describing the situation or case under the research study. It is a theory-based research design which is created by gathering, analysing and presenting collected data.

The researcher used descriptive method of research Methodology. Descriptive research is also called on observation method. The present study adopted a descriptive type of research approach for analysing the problems and prospects in marketing platforms. The study enables those which are connected.

1.8 SOURCES OF DATA

Data refer to information or facts often, researcher has understood by only numerical figure. It also includes convenient facts, non-numerical information, qualitative and quantitative information. There are mainly two sources of data collection. That is,

- Primary data.
- Secondary data

1.8.1 Primary data

Primary data will be collected through structured questionnaire, observation, personal interview to customer and the data collected goggle form from the retail crackers shop Owners and customers at sivakasi.

1.8.2 Secondary data collection

Secondary data refers to data that has already been collected and published by someone else, for a different purpose than the current research. This data can be obtained from various sources such as books, journals, government reports, and online databases. Secondary data can be useful in research as it can provide a starting point or context for further investigation.

1.9 SAMPLING DESIGN

In sivakasi taluk there are 3,000 licensed shops are functioning. There are 3000 shops are being operated by firecracker owners. The searcher has been selected 4% of 102 owners using proportionate sampling techniques.

1.10 SAMPLING METHOD

Snowball sampling is a non-probability sampling technique often used in research where it is difficult to identify potential participants. In this method, existing study subjects recruit future subjects from among their acquaintances. As the sample grows like a rolling snowball, the technique is especially useful for reaching hidden, hard-to-reach, or specific populations.

The researcher has used in this project, snowball sampling was used to identify and reach participants who meet the study criteria but are not easily accessible through conventional sampling methods. Initial participants were selected based on predefined criteria, and they referred others with similar characteristics. This approach allowed for a more efficient and targeted data collection process within the specific community being studied.

1.11 LIMITATION OF THE STUDY

The following are the limitations of the study.

- The study focuses only on Sivakasi, which may not reflect the problems and prospects of marketing platforms in other areas.
- The data is collected from a specific set of retailers, which may not fully represent the entire retail cracker market.
- The cracker industry is highly seasonal, making it difficult to assess marketing problems and prospects consistently throughout the year.

- The study may not fully capture the evolving role of digital marketing in traditional retail settings.
- Variations in consumer attitudes and purchasing patterns add complexity to the analysis.
- Many small retailers in Sivakasi may lack sufficient funds for advanced marketing strategies.

1.12 SUGGESTION OF THE STUDY

- Retailers are improving the marketing and advertising strategies. Because of the high competition, the direct sales channel of fire crackers industries implements and marketing tactics.
- The sales volume is decreasing due to the difficulty in following the government's instructions and related rules and regulations during the sales of crackers. Therefore, relaxation of government instructions, rules and regulations becomes very essential for increasing Sales volume.
- Counterfeit corporate crackers and websites are causing people to lose confidence in the quality of crackers. It is essential to take steps to prevent such fraudulent activities.
- Social media plays a key role in increasing the sales of crackers because in today's environment, the entire society is increasingly focused on them.
- In today's environment, controlling global pollution is an important issue. As crackers industries play a key role in eliminating polluting crackers and promoting clean green crackers, it is important for retail crackers shops to counter this and maintain the trust of customers.

1.13 CONCLUSION OF THE STUDY

The Conclusion of this research paper is based on the opinions of the questionnaire received from the retail cracker shop owner's sivakasi taluk and the results obtained based on the analysis of that data effective retail marketing research reveals valuable insights into consumer behaviour, market trends, and competitor strategies, allowing retailers to optimize their marketing efforts, improve customer experiences, and ultimately drive sales and profitability. Therefore, the retail crackers in the study area should move ahead of its rivals by

considering the recommendations provided by the researcher in the above section of this chapter. Definitely, it will help to reduce the gap in offering the crackers to their customers and retaining existing customers and increasing profit ratio. Moreover, once the dissatisfied customers become satisfied, it will help to retain existing retail crackers shops Owners and also help to heave new customers for availing the retail crackers in the study district.