



A study on retail and distribution in Saranya Agency, Pondicherry

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Abstract

An increase in product variety and the number of product introductions make demand-supply balancing processes labour intensive and prone to mistakes. This is especially the case when there are many levels in the supply chain and the lead-times for material supply and production are long. The paper presents a concept developed to improve the productivity of the planning effort for a consumer goods manufacturer. The proposed planning process takes into account that the manufacturer has products at different stages of the product-life and utilizes sales and inventory information collected from distributors and retailers. Trials in the case company indicate that supply chain responsiveness could be improved in product launches using the proposed concept. Supply chain efficiency in the maturity phase could also be improved. However, the usefulness and effectiveness of the developed concept depends on the assumption that product mix changes can be modeled and point-of-sales and channel sell-through data is available regularly and reliably.

Keywords

Demand-supply planning, planning efficiency, demand visibility, point-of sales.

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Article History: Received 01 October 2020; Accepted 10 December 2020

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1. Introduction

Retail comes from the French word retailer, which refers to "cutting off, clip and divide" in terms of tailoring (1365). It first was recorded as a noun with the meaning of a "sale in small quantities" in 1433 (French). Its literal meaning for retail was to "cut off, shred, paring". Retail is the final stage of any economic activity. By virtue of this fact, retail occupies an important place in the world economy.

According to Philip Kotler, Retailing includes all the activities involved in selling goods or services to the final con-

sumers for personal, non-business use. A retailer or retail store is any business enterprise whose sale volume comes primarily from retailing. These are the final business entities in a distribution channel that links manufacturers to customers. Manufacturers typically make products and sell them to retailers or wholesalers.

Wholesalers resell these products to the retailers and finally, retailers resell these products to the ultimate consumers. Any organization selling to final consumers whether it is a manufacturer, wholesaler or retailer-is doing retailing. It does not matter how the goods or services are sold (by person, mail, telephone, vending machine, or internet or where they are sold-in a store, on the street, or in the consumer's home).

A Retailer thus, provides value creating functions like assortment of products and services to the consumers, breaking bulk, holding inventory and provides services to consumers, manufacturers and wholesalers.

Retailing broadly involves:

1. Understanding the consumers needs.
2. Developing good merchandise assortment.
3. Display the merchandise in an effective manner so that shoppers find it easy and attractive to buy.

Retailing thus, may be understood as the final step in the distribution of merchandise, for consumption by the end consumers. Put simply, any firm that sells products to the

final consumer is performing the function of retailing. It thus consists of all activities involved in the marketing of goods and services directly to the consumers, for their personal, family or household use. In an age where customer is the king and marketers are focusing on customer delight, retail may be redefined as the first point of customer contact.

The distribution of finished products begins with the producer and ends at the ultimate consumer. Between two of them there is a middleman – the retailer. Retailing is the set of business activities that adds value to the product and services sold to the consumers for their personal or family use. Often retailing is being thought of as the sale of products in the stores, but retailing also involves the sales of services: overnight lodging in a hotel, a haircut, a car rental, or home delivery of Pizza.

Retailing encompasses selling through the mail, the internet, and door-to-door visits – any channel that could be used to approach the consumer. Retailing is responsible for matching individual demands of consumer with supplies of all the manufacturers. Retailing has become such an intrinsic part of our everyday lives that it is often taken for granted.

The nations that have enjoyed the greatest economic and social progress have been those with a strong retail sector. The world over retail business is dominated by small family run chains and regionally targeted stores.

Gradually more and more markets in the Western world are being taken over by billion-dollar multinational conglomerates, such as Wal-Mart, McDonald's, Marks and Spencers, etc. The larger retailers have set up huge supply distribution chains, inventory management systems, financing pacts, and wide scale marketing plans which have allowed them to provide better services at competitive prices by achieving economies of scale. The retail environment is globalizing, requiring high levels of consistent experimentation. Project management can be used to help retailers test new ideas and implement the most successful ones.

Unfortunately, project management in the retail setting often delivers unsatisfactory results. Project management has traditionally focused on conventional planning tasks.

The people dimension is often overlooked as a key to project management success. However, human behavior is particularly important in the retail setting, where projects are generally focused on testing new concepts, increasing collaboration, and implementing new technologies.

This research examines the role of the behavioral dimension in retail project management and supports the view that the behavioral dimension is central to retail project management success. Marketers have introduced the system of taking immovable products back from distributors recently not because it's damaged but unsold and compensated with another products. Most of the channel members were satisfied with the present system of FMCG distribution in the rural market of Sangli and Kolhapur districts in Maharashtra. The frequency of coverage was less for the channels that were located far away from the feeder village, taking cost factor into consid-

eration. Shrinkage cost was the biggest threat distributors were facing in Sangli and Kolhapur rural market. The rural distributors could not run their businesses without credit to the down line channel.

Retail concept:

The retailing concept is essentially a customer oriented, company-wide approach to developing and implementing a marketing strategy. It provides guidelines which must be followed by all retailers irrespective of their size, channel design, and medium of selling.

The retailing concept covers the following four broad areas:

1. Customer orientation: The retailer makes a careful study of the needs of the customer and attempts to satisfy those needs.
2. Goal orientation: The retailer has clear cut goals and devises strategies to achieve those goals.
3. Value driven approach: the retailer offers good value to the customer with merchandise keeping the price and quality appropriate for the target market.
4. Coordinated effort: every activity of the firm is aligned to the goal and is designed to maximize its efficiency and deliver value to the customer.

A retailer is a person, agent, agency, company, or organization, which is instrumental in reaching the goods, merchandise, or services to the ultimate consumer. They are the final business in a distribution channel that links manufacturer to consumers. Retailers perform specific activities such as anticipating consumers' wants, developing assortments of products, acquiring market information, and financing. A retailer performs certain value creating functions as.

Retailing involves the process of selling consumer goods or Services to customers through multiple channels of distribution to earn a profit. Retailers satisfy demand identified through a supply chain. Some of the earliest retailers were itinerant peddlers. The term "retailer" is typically applied where a service provider fills the small orders of a large number of individuals, who are end-users, rather than large orders of a small number of wholesale, corporate or government clientele.

Shopping generally refers to the act of buying products. Sometimes this is done to obtain final goods, including necessities such as food and clothing; sometimes it takes place as a recreational activity. Recreational shopping often involves window shopping (just looking, not buying) and browsing: it does not always result in a purchase.

Most modern retailers typically make a variety of strategic level decisions including the type of store, the market to be served, the optimal product assortment, customer service, supporting services and the store's overall market positioning. Once the strategic retail plan is in place, retailers devise the retail mix which includes product, price, place, promotion, personnel and presentation.

In the digital age, an increasing number of retailers are seeking to reach broader markets by selling through multi-



ple channels, including both bricks and mortar and online retailing. Digital technologies are also changing the way that consumers pay for goods and services. Retailing support services may also include the provision of credit, delivery services, advisory services, stylist services and a range of other supporting services. Retail shops occur in a diverse range of types and in many different contexts – from strip shopping centres in residential streets through to large, indoor shopping malls. Shopping streets may restrict traffic to pedestrians only.

Sometimes a shopping street has a partial or full roof to create a more comfortable shopping environment – protecting customers from various types of weather conditions such as extreme temperatures, winds or precipitation. Forms of non-shop retailing include online retailing and mail order.

QOIE is a retail search & discovery platform for information on popular shopping destinations across one's city and neighborhood to help make better purchase decisions. It provides online details of retail outlets for offline shopping, catalogued according to product categories. It blends physical and digital to create an ecosystem between the retailers (malls, stores and brands) and consumers across the two worlds for a seamless experience. Although the idea of retail is often associated with the purchase of goods, the term may be applied to service-providers that sell to consumers. Retail service providers include retail banking, tourism, insurance, private healthcare, private education, private security firms, legal firms, publishers, public transport and others.

For example, a tourism provider might have a retail division that books travel and accommodation for consumers plus a wholesale division that purchases blocks of accommodation, hospitality, transport and sightseeing which are subsequently packaged into a holiday tour for sale to retail travel agents.

Distribution means to spread the product throughout the marketplace such that a large number of people can buy it.

Distribution involves doing the following things:

1. A good transport system to take the goods into different geographical areas.
2. A good tracking system so that the right goods reach at the right time in the right quantity.
3. A good packaging, which takes the wear and tear of transport.
4. Tracking the places where the product can be placed such that there is a maximum opportunity to buy it.
5. It also involves a system to take back goods from the trade.

Distribution can make or break a company. A good distribution system quite simply means the company has greater chance of selling its products more than its competitors. The company that spreads its products wider and faster into the market place at lower costs than its competitors will make greater margins absorb raw material price rise better and last longer in tough market conditions. Distribution is critical for any type of industry or service. The best price product, promotion and people come to nothing if the product is not available for sale at the points at which consumers can buy.

In the FMCG industry in India, specially, companies distribute their low-value, high volume products to over 1 million retail outlets, or points of sale. The most successful FMCG companies have the biggest networks, made of factories, stock points, distributors or C&F (Carrying and forwarding agents), wholesalers, retailers and consumers. Nowadays, even direct marketing is considered a feasible distribution channel.

Direct distribution:

A distribution system is said to be direct when the product or service leaves the producer and goes directly to the customer with no middlemen involved. This occurs, more often than not, with the sale of services. For example, both the car wash and the barber utilize direct distribution because the customer receives the service directly from the producer. This can also occur with organizations that sell tangible goods, such as the jewelry manufacturer who sells its products directly to the consumer.

Indirect distribution:

Indirect distribution occurs when there are middlemen or intermediaries within the distribution channel. In the wood example, the intermediaries would be the lumber manufacturer, the furniture maker, and the retailer. The larger the number of intermediaries within the channel, the higher the price is likely to be for the final customer. This is because of the value adding that occurs at each step within the structure.

Getting a product to the market largely requires an effective marketing channel for companies that manufacture durable goods and other products. A supply chain typically features various middlemen between the manufacturer and the consumer. The most common in the supply chain are distributors, wholesalers and retailers. Today's retail trends are driven by the anticipation that consumers will spend confidently throughout 2018. Market growth is projected to reach a healthy 3.2 to 3.8 percent, with heated competition among store formats, channels, and players expected to continue. Consumers are enjoying an ever-increasing proliferation of choices—larger established brands reforming with both online and in-store operations; and newer online or application-based only entrants are emerging. Not surprisingly, consumers continue to hold elevated expectations for their shopping experience.

2. Review of Literature

1. Karmakar, Tewari (2014) The paper discovered that in the perspective of the rise of fast fashion and domestic branding, responsiveness regarding brand protection was highly increasing in recent years. Proficiency in design, product development, brand marking and retail distribution were the essential elements of this approach.

2. Latif, Bhatti (2013) The rationale behind the study was to recognize the connection between shopper spontaneous purchasing, visual trading and purchasing behavior of buyers in stores. The learning was established on primary data (questionnaires), also it was found that floor merchandising, forum display, window display and brand name (independent



variables) were extensively associated to shopper impulse purchasing behavior (dependent variable).

3. Harooni (2013) Consumer behavior was a debatable subject that included individuals and what they buy, marketing and marketing mix of market, why and how to purchase. The researcher attempted to study various determinants affecting consumer behavior and purchasing decisions.

4. Gharleghi (2013) The study tried to recognize the predictor of consumer tastes in selecting an international brand of fashion products among Malaysian youth. The study revealed that country-of-origin perception was the firmest predictor towards consumer tastes followed by promotion stimulation, fashion lifestyle, perceived product quality and perceived brand image. The marketer also comprehended the market segmentation and consequently created competitive marketing strategies and made use of target market wisely.

5. Lannone, Miranda (2013) The goal was to attain full optimization of merchandise & Replenishment Planning levels and recognizing the correct replenishment quantities and periods. The passageway from a total push strategy, presently used by the company, to a push-pull one, recommended by the model, permitted not only to calculate approximately a lessening in goods quantities to acquire at the commencement of a sales period with sizeable economic savings, but also worked out a centered replenishment plan that allowed lessening and optimization of departures from network warehouses to points of sale.

3. Objectives

Primary objective:

- To study the process of retail and distribution in Saranya Agency, Pondicherry.

Secondary objective:

- To observe the process of retail and distribution.
- To find out the difficulties of retail and distribution in Saranya agency.
- To study the development of retail in the company.
- To identify the key parameters for the performance evaluation of retail stores by consumers.

4. Research Methodology

Significance

- Retailing has a tremendous impact on the economy.
- It involves high annual sales and employment.
- As a major source of employment retailing offers a wide range of career opportunities including; store management, merchandising and owning a retail business.
- Consumers benefit from retailing is that, retailers perform marketing functions that makes it possible for customers to have access to a broad variety of products and services.
- Retailing also helps to create place, time and possession utilities.
- A retailer's service also helps to enhance a product's image.

- They complete transactions by using appropriate locations, and timings, credit policies, and other services e.g. delivery.

Research design:

The study was conducted in two stages. In stage one, a field survey was carried out in selected cities of Pondicherry to identify key parameters affecting consumer preference related to retail and distribution. In the next stage, exit interviews using structured interviews were carried out at selected stores in order to rate the performance of respective stores on the basis of identified parameters.

Research design can be exploratory or conclusive. If you want merely explore the research problem and you do not want to produce final and conclusive evidences to the research problem, your research design would be exploratory. Conclusive research design, on the contrary, aims to provide final and conclusive answers to the research question. Conclusive research be further divided into two sub-categories.

Different textbooks place different meanings on research design. Some authors consider research design as the choice between qualitative and quantitative research methods.

Method of data collection:

Both primary and secondary data were collected for the study. Secondary data related to the growth of organized retail were collected from retail related publications published by Deloitte, Retail Authority of India (RAI), KPMG, Images, Technopark Advisors, Confederation of Indian Industries (CII), and Knight Frank.

Primary data were collected using structured interviews and questionnaires. Interviews of retailers and experts were conducted in the selected cities of Pondicherry. For collection of data from consumers, two sets of structured questionnaires were used.

Sampling methods:

- Probability Sampling: Sample has a known probability of being selected.
- Non-probability Sampling: Sample does not have known probability of being selected as in convenience or voluntary response surveys.
 - a) Simple Random Sampling (SRS)
 - b) Stratified Sampling
 - c) Cluster Sampling
 - d) Systematic Sampling
 - e) Multistage Sampling

Sample size:

The target population for stage one of the study was the modern retail consumer of the products. These cities were selected because of strong presence of organized retailers in these cities. A total of 150 respondents were interviewed using structured questionnaire from each of selected cities of Pondicherry.

For stage one of the study, respondents were selected on the basis of Non-probability convenience sampling. Convenience sampling is a non-probability sampling technique in which respondents are selected because of their convenient



accessibility and proximity to the researcher. This method seemed acceptable and appropriate taking into account the exploratory nature of the study. However, efforts were made to select consumers from all cross-sections of population. During the second stage of study, respondents were interviewed from each sampled organized retail outlet. Systematic random sampling technique was adopted for the purpose. This technique was used because it is simple and results are representative of the population.

Tools for data analysis:

Linear regression is used to identifying the sources and the process of retail and distribution. Correlation is the statistical tool used to find the process of retail and distribution. The correlation & linear regression used to analyses the data and the results were presented pictographically using chats.

Limitations of the study:

- This study is restricted to the city of Pondicherry, Tamil Nadu due to time constraints.
- This study does not provide a complete picture of these assessments.
- The sample size had to be kept limited due to time and cost constraints.
- The study was on the effect of retail and distribution.
- Therefore results need not reflect the real life situation.
- The cost of doing business is very high due to heavy overhead expenses.

Need of study:

The need of the study on retail and distribution, I have learned about the concept of retailing and distribution.

- Here I have the opportunity to know the views of the public over this concept.
- The goal of a research proposal is to present and justify the need to study a research problem.
- And to present the practical ways in which this research should be conducted.
- The distribution part is very important for the purpose to sell the product.
- Research proposals contain extensive literature reviews.
- In addition to providing a rationale, a proposal describes detailed methodology for conducting the research consistent.

These are some of the things I have come to know on this topic “A STUDY ON RETAIL AND DISTRIBUTION IN SARANYA AGENCY”

Scope of the study:

- In this study, I come to know about the concepts of retail and distributions that takes place in “Saranya Agency”.
- India is a developing country and Indian consumers spend a larger share of their income on products.
- Many factors contribute to a retailer’s overall performance.
- This retail segment is expected to accurately reflect the performance of organized retail and hence the scope of study is limited.
- This study has further scope to study long term process with more specific and wider factors.

5. Data Analysis

Table 1. Reason for selling this type of products:

CUSTOMERS	RESPONDENTS	PERCENTAGE%
Margin	15	30%
Promotional Schemes	12	24%
Demand	11	22%
Dealer relationship	5	10%
Credit Policy	7	14%

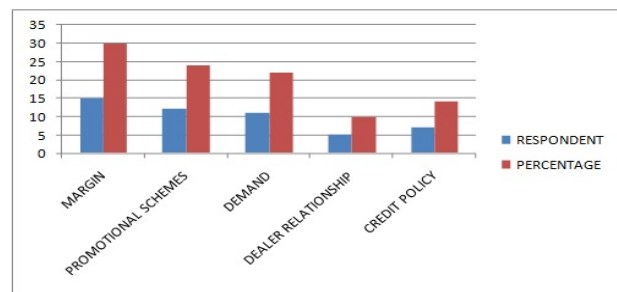


Fig.1. Shows reason for selling this type of products

Interpretation: The purpose of selling this type of products is because of the margin rate, the margin percentage of the product is 30%. And the demand for this type of product is 22%.

Table - 2. Customer ratings towards the company

CUSTOMER RATINGS	NO.OF RESPONDENT	PERCENTAGE%
GOOD	32	64%
AVERAGE	18	36%
POOR	0	0

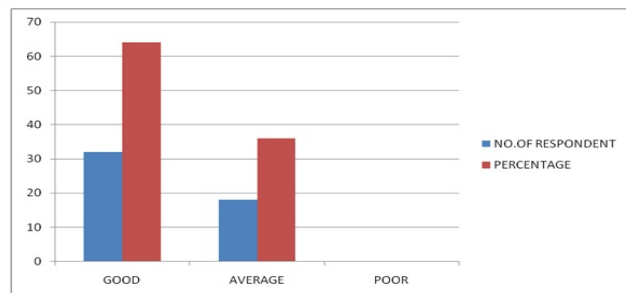


Fig.-2. Customer ratings towards the company

Interpretation :



The customer rating towards the company is very good and the percentage rating is 64%. And the average rating is 36% towards the company.

Table -3. Credit policies of the company:

CREDIT POLICIES	NO.OF RESPONDENT	PERCENTAGE%
GOOD	29	58%
AVERAGE	17	34%
POOR	4	8%

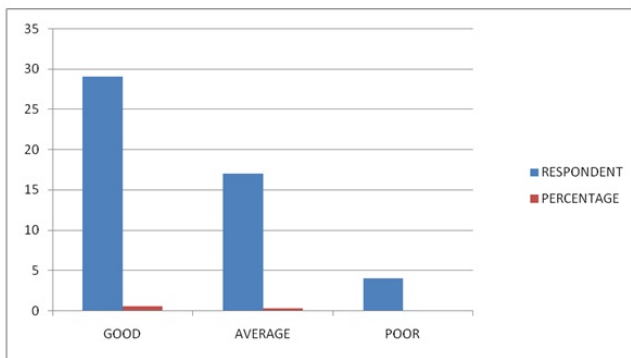


Fig.3. Credit policies of the company

Interpretation :

The credit policies of the company is comfortable to the customer. And the maximum percentage is 28%. And the average percentage is 34%.

Table -4. Internet users

CUSTOMERS	RESPONDENT	PERCENTAGE
Strongly disagree	3	6
disagree	9	18
Neutral	10	20
Strongly agree	20	40
Agree	7	14

Interpretation:

The customer who uses internet is 40% agreed by the respondent.

Table – 5. The rating of brand pull of Saranya Agency

Interpretation :

The average rating for brand pull is 46% high.

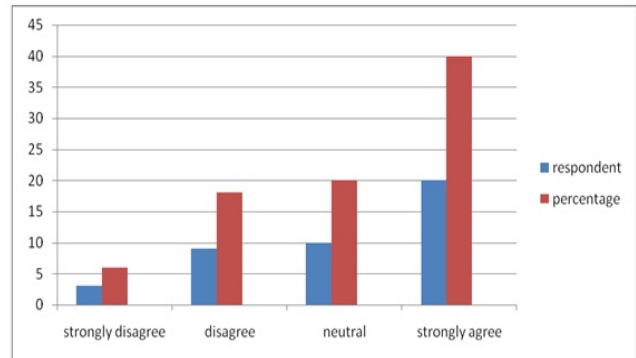


Fig.4. Credit policies of the company

CUSTOMER RATING	NO.OF RESPONDENT	PERCENTAGE
Good	22	44
average	23	46
poor	5	10

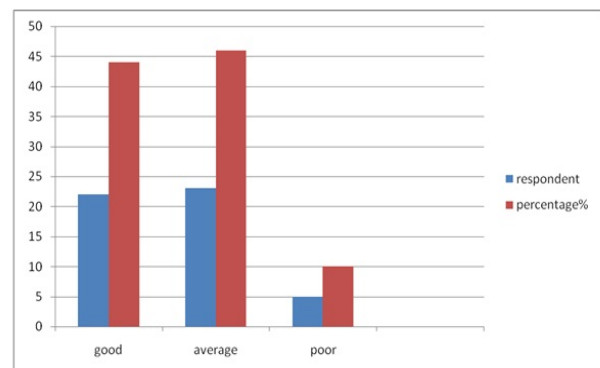


Fig.-5. The rating of brand pull of Saranya Agency

6. Findings

- In table 1 I could see that 25% of the employees are in the age group of 20-25 years old
- In the second table I found out that there are more number of male employees when compared to female employees.
- In table 3, I could see that the customer rating is very good and I found that people like to buy the product.
- Table 4 tells about the customers' satisfaction about the product.
- In the next table it tells about the various schemes and offers provided to the customers.
- In table 6 it tells about the customer satisfaction towards the distributors. It tells about the customers and distributor's relationship.
- In the next chart it is said that the purpose of selling the



product.

- In 8th table it tells about the customer rating towards the company. And the rating towards the company is very good.
- The fixed asset turnover ratio of the firm has been increased.
- The next tables tells about the credit policies which gives the major response from the public.
- In table 10 I could see that more number of people are internet users.
- In the next table we can see about the brand pull of Saranya agency which is very good when compared to the other company.
- In the last table It tells us about the customers visiting choice 24% of the customers visit based on their general interest and few are based on the buying interest and towards the interest over the product.

7. Suggestions

- Suggestions are made for optimizing the effectiveness of sales promotion. Suggestions to Brand Managers Marketers.
- The level of awareness about various sales promotion tools is very low except in the case of Price-Off and Premium schemes.
- It is suggested that sales promotion schemes should be sufficiently backed and supported by print and electronic media advertising. Consumers prefer to get value added offers in the form of additional quantity of the same product they buy as incentives.
- Bonus pack schemes can be used more effectively than free gifts and compliments.
- Coupon distribution system should be streamlined, as consumers mostly prefer to get them through newspapers and magazines.
- Marketers should stop mindless promotion of FMCGs and use promotion schemes more sensibly and rationally. The promotion clutter has created a situation where none of the scheme is very attractive.
- Marketers may use Price-off or discount strategy to achieve the short term objectives of promotion like brand switching, trial purchase, and stockpiling ahead of other schemes. The long-term effectiveness of sales promotion is very limited.
- Sales promotion does not lead to repeat buying or create brand loyalty in a satisfactory manner. It may be used as a short-term measure to reduce inventory or ward off competition.
- Most of the promotion schemes are sponsored by manufacturers. Retailers, knowingly or unknowingly, may not whole-heartedly support their efforts. Consumers must ensure that offers are passed on to them by the retailer or other intermediaries.
- Consumers may consider the real benefits they get and the cost they pay while deciding to avail a promotion offer since price promotions involve more out lay than they normally spend.

8. Conclusion

In the level of awareness and attractiveness Price-Off offers is far ahead of other tools of sales promotion. Price-Off is the most widely used sales promotion tool by consumers of Fast Moving Consumer Goods. Consumers prefer Bonus Packs to Free Gifts, Bundled Products and self-liquidating offers. Sales promotion clutter has resulted in low level usage of sales promotion tools by consumers of FMCGs.

Consumer's repurchase possibility of the products purchased under sales promotion offers is very limited. Premium schemes create / maximum repurchase incidences. Consumers of FMCGs in Kerala are very quality conscious and considerations of price, offers, etc. are not very strong. Consumers of FMCGs in Pondicherry are very much brand loyal. Possibility of trial purchase, brand switching, stockpiling and consumption acceleration of FMCGs due to sales promotions are not very encouraging to marketers Price-Off is the most effective tool in motivating buyers to make trial purchase, switch brands and stockpile products. Sales promotion does not lead to building brand loyalty.

The retail sector in India is witnessing a huge revamping exercise as the traditional retailers are making way for new formats. These modern retail formats provide wide variety to customers and offer an ideal shopping experience with an amalgamation of product, entertainment and service, all under a single roof. Now the consumer has multiple options to choose-ranging from the shopkeeper to the most sophisticated supermarkets, departmental stores, plazas and malls which provide the latest, quality products.

Moreover consumers' product preferences of various retail formats are as follows: food and grocery, health and beauty care services supermarket; clothing and apparels', catering services and entertainment - mall; books, music and gifts - convenience store and malls; watches, mobile, accessories and pharmaceuticals- hypermarket; footwear department store. International exposure and availability of products and brands communication are the attributes that are driving the organized retail in India and organized retail is preferred due to convenience and variety. The dynamics of the demographics, double income, urbanization and internet revolution are the factors contributing to retail growth in India. Many studies highlight that younger generation prefer to visit malls and hypermarkets more often. The reason for the visit is not necessarily for shopping but for hedonic pleasure and for stress relieving purpose.

The wholesaler is the most important source of information for the retailer. The wholesaler is also the most important influence on the retailer. This means that the marketer would do well to motivate the wholesaler to get the retailer in the rural market to stock his company's products, particularly the newer products. Retailers in interior areas are not visited by agents of distributors. They go to the nearby town / large feeder village once or twice a month to buy their stock.



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ISSN(P):2319 – 3786
Malaya Journal of Matematik
ISSN(O):2321 – 5666

