

**PROCUREMENT AND DISTRIBUTION CHANNEL OF ELITE
SUPERMARKET IN THRISSUR DISTRICT**

By

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MAJOR PROJECT REPORT



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**COLLEGE OF CO-OPERATION, BANKING AND
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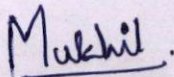
Declaration

DECLARATION

I, hereby declare that this project report entitled “**Procurement and Distribution Channel of Elite Supermarket in Thrissur District**” is a Bonafide record of work done by me during the course of project work and that it has not previously formed the basis for the award to me for any degree/diploma, associateship, fellowship or another similar title of any other University or Society.

Vellanikkara

16-10-2017


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Certificate

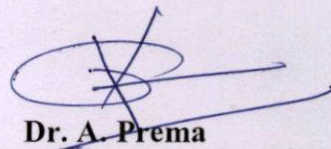
CERTIFICATE

Certified that this project report entitled “**Procurement and Distribution Channel of Elite Supermarket in Thrissur District**” is a record of project work done independently by **MUKHIL MOHANDAS (2015-31-025)** under my guidance and supervision and that it has not previously formed the basis for the award of any degree, fellowship, or associateship to him

Place: Vellanikkara

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For any errors or inadequacies that may remain in this work, of course, the responsibility is entirely my own.

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(2015-31-025)

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Design of the study

Chapter 1

Design of the Study

1.1 Introduction

Supply Chain Management (SCM) is the process of planning, implementing, and controlling the operations of the supply chain with the purpose to satisfy customer requirements as efficiently as possible. Supply chain management spans all movement and storage of raw materials, work-in-process inventory and finished goods from point-of-origin to point-of-consumption. Supply chain management is the logistics aspect of a value delivery chain and involves procuring the right inputs (raw materials, components and capital equipment), converting them efficiently into finished products and dispatching them to the final destinations. The supply chain perspective can help retailers identify superior suppliers and distributors and help them improve productivity, which ultimately may bring down the customer costs. At the same time, market logistics helps planning the infrastructure to meet demand, then implementing and controlling the physical flows of material and final goods from the point of origin to the points of use, to meet customer requirements at a profit.

1.2 Statement of the problem

In the olden day's food products were sold only by Mandi, hawkers and peddlers. The trend is now for retail stores where one can get all the basic needs under one roof. In the modern world, as the customers became more health conscious, they look for quality of products irrespective of their price. Customer is now treated, as a King in the market, and therefore, his needs are well looked after by in various retail markets. The procurement and distribution of Elite supermarket mainly depends on the demand of customers. Most of their products being highly perishable, a proper warehousing system and proper handling of food products is needed from the point of procurement to the point of consumption. The perishability of the food products necessitated the need for proper distribution channel from the production point to the point of consumption. This has necessitated a study on the procurement pattern, distribution Channel and consumer's satisfaction of Elite supermarket to formulate strategies to procure and sell food products more efficiently. To develop effective targeting strategies, and to manage their marketing efforts effectively, Elite Retail outlet must be good at measuring the satisfaction level of suppliers and customers.

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Hence, this study has been designed to identify the procurement pattern and distribution Channel and to assess and consumers satisfaction of the services of Elite supermarket.

1.3 Objectives of the study

- a) To study the procurement pattern of perishable food products of Elite supermarket
- b) To study the distribution Channel adopted by Elite supermarket and
- c) To study the customer and supplier satisfaction towards Elite supermarket

1.4 Methodology

The procurement pattern of food products of Elite supermarket was carried out by interviewing the officials and employees of Elite supermarket retail outlet with a structured interview schedule. In order to understand the opinion of suppliers of food products, another interview schedule was prepared and administered.

1.4.1 The study area and period of study

The study was conducted in Thrissur district during the period the months of July to October, 2017

1.4.2 Sources of data

The population of the study consisted of the customers who purchased any of the food products as offered by the Elite super market. Sample size for the study has been fixed as 69 including 60 customers and 9 suppliers. Primary data was collected by administering structured interview schedule to customers as well as to suppliers. Secondary data was collected from the records of Elite supermarket, project Reports, Internet and websites related to the subject.

1.4.3 Sampling design

The population of the study consists of suppliers of Elite food products as well as the customers of Elite super market retail outlet.

There were nine identified suppliers for perishable food item to elite super market. As the number of suppliers is limited, the entire population served as the sample for the study. The list of suppliers was collected from Elite supermarket and they were interviewed. The survey was conducted during the month of August 2017. (Appendix..1)

In order to fix the sample of customers, the list of 100 customers visiting Elite supermarket during the morning hours for three consecutive days was collected. Out of this, 60 customers were purposively selected who purchased food products and the response were collected using structured interview schedule.

1.4.4 Data analysis

IBM SPSS version 21 is used to tabulate and analyse the valid responses. Initially, a comprehensive data file was created. Then, variables and their labels were defined. Percentages and indices were used for analysis of the data. The respondent’s frequency of purchase responses was collected on five-point scale: weekly, fortnightly, monthly, rarely and never.

To analyze the customer satisfaction as well as the supplier’s satisfaction towards elite super market the data were analyzed using 5-point likert scale of index. The indicators measure the satisfaction level and their responses were collected on 5-point scale ranging from strongly agree to strongly disagree.

The total score obtained for the variable is divided by the maximum score obtainable for the variable to calculate the satisfaction index for analyzing the customer and supplier’s satisfaction towards elite super market.

Composite index was done for both customer and suppliers satisfaction through the following formula;

=Total score for each variable/Maximum score * 100

$\sum X/M * N * S$

$\sum X$ =Sum of the total scores of all variables

M=Maximum score

N=Number of respondents

S=Number of variables

For the purpose of interpretation, the indices obtained are classified in to different zones as follows: -

Table: 1.1 Index zone

Indices	zone
0-20	Very poor
21-40	Poor
41-60	Average
61-80	Good
81-100	Excellent

1.5 Variables under study

1. The range and availability of food products
2. Procurement method
3. Distribution method
4. Source identification
5. Order replenishment
6. Order fulfilment
7. after sale services
8. Customers purchase pattern
9. Opinion regarding quality, quantity, durability, freshness and effectiveness
10. Distance to the outlet
11. Availability of the product
12. Preference of Elite's perishable food items
13. Spending profile of customers
14. Price for procurement and retailing

15. Product display

16. Payment mode

1.6 Scope of the study

This study would help to improve the efficiency of procurement of food products of Elite supermarket and would help to improve the productivity of distribution Channel. Elite supermarket purchases its goods locally and nationally so as to derive the best possible benefits in terms of quality, price, and ease of logistics. This study would also help to assess the convenience of suppliers and customers towards the Elite supermarket.

1.7 Limitations of the study

Sample size for the study has been fixed as 69, including 60 customers and 9 suppliers and the inferences made in the study are based on the opinion made by the respondent during the survey period. It may not be generalised until the same is validated by conducting a study with larger sample. It is difficult to find procurement and distribution pattern adopted by competitors, could not be gathered for comparison.

1.8 Review of literature

The review of past studies helps us in framing objectives, developing research design, variable selection, interpreting the results and in drawing meaningful conclusions. The researchers have carried out the review in aspect viz.

- I. Retailing in fruits and vegetables
- II. Supply chain management in retail

I. Retailing in fruits and vegetables

Tootelian and Gaedeke (1998) observed that providing product choices is vital to successful retailing. Retailers must balance the need to offer choices with the possibility that options shift purchases from some fruits and vegetables to others without greatly expanding total consumer buying. This study examined the choice issue with respect to perceived quality and price of utility grade fruit. Findings indicated that retailers who

had purchased utility grade fruit were more inclined to use it again as part of their marketing strategies.

Christov,-R (1999), the author analyses the production and trade with fruits and vegetables in Bulgaria in the period of transition to a market economy. It describes the leading role of the food processing industry; the share of households' production in the volume of consumption; regional differences and regional specialization; and the features of the producers' markets for fruits and vegetables. The export of Bulgarian fruits and vegetables also reviewed. Concerning the marketing channels, the paper points out three principal directions of movement in the country and the factors which influence the flows of produce between regions. A special emphasis is made on the features of the producers' markets for fruits and vegetables whose role will further increase.

Fabian Berges and Hassan (2001), conducted a study on Consumers' decision between private labels and national brands in a retailer's store on their study for the consumers choice, national brands compete with private labels (both me-too product and high quality store brand).The standard private label (me too), independently of the price effect, performs better than all national brands in terms of consumers 'utility. The high-quality private label does not reach its target yet in term of consumers 'acceptance due to a poor product characteristics perception.

Levy and Weitz (2001), defined retail mix as the combination of factors that retailers use to safetisfy consumer needs and influence their purchase decision including services offered, pricing, advertising and promotion, store design and visual merchandising.

Natarajan, R. C (2007) in his study on Challenges and Opportunities from Own-Store Brands 'reveal that Private labels of retail stores in India are on growth path. With the retail sector poised for growth, national brand manufacturers will have to be contended with competition within distribution channel, which calls for revised marketing strategy locally, to thwart the threat of the private label in a store.

II. Supply chain management in retail

Gupta and varma (1995) made an attempt to study the variation in the marketing of perishable commodities. They classified different channels existing in transfer of commodities and observed that the intermediaries hold back a good portion of the consumer price leaving the consumers and the Suppliers as the ultimate sufferers.

Anil Kumar and Arora (1999) conducted a study on post-harvest management of vegetable in Uttar Pradesh hills and found that non-availability of cold storages, highly perishable nature of vegetables, low marketing demand for the produce at the time of storage are the major problems as perceived by suppliers.

Gupta and Rathore (1999) they conducted a study on disposal pattern and constraints in vegetable marketing in Raipur district of Madhya Pradesh in 1995-96. The study identified two supply chains one was producer to consumer with the involvement of wholesaler and retailer and other one was directly from producer to consumer. They compared the pricing in the supply and direct sale from producer to consumer and found that it was higher than the price in sale of produce with the involvement of wholesaler and retailer for all the crops they covered i.e., tomato, brinjal and chilli.

Fearnie (1999) in his study on success factors in the fresh produce supply chain: insights from the UK, found that power of retailer increases along with their interest on own label products. So they become increasingly dependent on fewer larger suppliers who can deliver safe products on a large scale at a competitive price. He suggested that Suppliers and growers should directly link with other sector of the marketing chain in order to supply the right and consistent quantity and quality of different products. The producer of raw material need to accept the fact that the financial benefit, which comes from partnership will invariably be distributed in relation to value added

Burma et al. (2000) have studied the development of a sustainable agri supply chain which requires commitment of the various stakeholders like growers, traders and supermarkets. An important condition or even prerequisite for commitment is mutual understanding and benefit. The aim of this study was to understand the interest and matching behavior of the various stakeholders in the supply chain for vegetables in Thailand and to recommend appropriate strategies for chain development, taking the

respective interests into account. The stakeholders considered in the vegetables supply chain are the general management of the super market organization, the management of the distribution centre, the buying of the super market organization, the vegetable suppliers, the vegetable growers and the input suppliers of the vegetable growers. The various stakeholders perceived weaknesses and threats in the misuse of pesticide, the delusion of good quality vegetables, the irregular supply of vegetables, the obscurity of cost of production and handling, the strong price fluctuations for vegetables and the strong competition in the market for inputs. These weaknesses and threats can be surmounted by certification of growers association and production system innovation along with cost monitoring.

Narayana Reddy (2004) studied the retail market environment in India, and reported that (61 per cent) of the retailers get their requirements from wholesalers, 15 percent from the large and other retailers. Over 17 per cent of the selected retailers got their goods from more than one source, but a small percentage of retailers got some of their requirements from producers. The terms of supply 67 per cent of retailers got their requirement by paying cash and only 13 per cent of the retailers on credit and 19 per cent got credit partly from the suppliers. Apart from this, the study also showed that organized retailers and super markets received wholesaler's margin plus concession as they purchased in bulk.

Frank Dooley (2005), stated with the generous use of global and local experiences. Indian retailers are going to improve their bottom lines with efficient management of Supply Chain and Logistics. At the same time, Indian Retailers like Future Group with retail stores like Big Bazaar, Pantaloons and Reliance Retail are also going to show the world as to how it can be managed in a more innovative and efficient manner.

Vinod R (2006) found that product freshness and shelf life have been enhanced by speedier passage through the supply chain. Levels of quality, continuity of supply and consistency of quality through the whole year are the major concerns in supply chain. The value chain readiness of firms in developing countries is strengthened and upgraded where ever possibilities to increased, if they can access specific knowledge-based inputs are there.

Shivangi Sahni (2010), expressed that in agriculture producer circles, if we could just elimination of middlemen, would minimize the extractors of all the profits from producer's pockets. Indian marketing Channel has always been predominated by an entity known as middle man. Due to which, not only do the consumer face problems. By eradicating the concept of the middle man, the Suppliers will be at the beneficial end.

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1.9 Contents of the study

The chapter wise distribution of the project will be as the following:

1. Chapter 1 - Design of the study
2. Chapter 2 – Supply Chain Management-A Theoretical Frame Work
3. Chapter 3 – Industry and Organisation Profile
4. Chapter 4 – Analysis on Procurement and Distribution Channel of Elite Supermarket
5. Chapter 5 - Summary of Findings, Suggestions and Conclusion
6. Bibliography
7. Appendix

Supply Chain Management – A Theoretical
Frame Work

Chapter – 2

Supply Chain Management – A Theoretical Frame Work

2.1 Introduction

A supply chain is a system of organization, people, technologies, activities, information and resources involved in moving a product or service from supplier to customer. Maintaining a flawless supply chain across all its operations thus become absolutely necessary for any business. Supply chain activities transform natural resources, raw materials and components into a finished product that is delivered to the end user. In sophisticated supply chain systems, used products may re-enter the supply chain at any point where residual value is recyclable.

In the 21st century, changes in the business environment have contributed to the development of supply chain Channels. During this era supply chains are complex—particularly when it comes to forecasting and demand management—with plenty of potential for excess inventory, lower service levels, and poorly defined and inconsistent processes.

Successful Supply Chain Management (SCM) requires a change from managing individual functions to integrating activities into key supply chain processes. An example scenario, would be the purchasing department places orders as requirements become known, the marketing department, responding to customer demand, communicates with several distributors and retailers as it attempts to determine ways to satisfy this demand. Information shared between supply chains partners can only be fully leveraged through the process integration.

2.2 Objectives of Supply Chain

The objective of every supply chain should be to maximize the overall value generated. The value a supply chain generates is the difference between what the final product is worth to the customer and the costs the supply chain incurs in filling the customer's request. For most commercial supply chains, value will be strongly correlated with supply chain profitability (also known as supply chain surplus), defined as the difference between the revenue generated from the customer and the overall cost across

the supply chain (Sunil Chopra, peter Meindl 2007). Supply chain profitability or surplus is the total profit to be shared across all supply chain stages and intermediaries. The higher the supply chain profitability, the more successful is the supply chain. Supply chain success should be measured in terms of supply chain profitability and not in terms of the profits at an individual stage. Having defined the success of a supply chain in terms of supply chain profitability, the next logical step is to look for sources of revenue and cost. For any supply chain, there is only one source of revenue: the customer. Effective supply chain management involves the management of supply chain assets and product, information, and fund flows to maximize total supply chain profitability. These decisions and their impact can vary for a wide variety of reasons.

One of the important factor, which influences the SC profitability is that transportation cost. The only way for a manufacturer to keep transportation costs low is to bring full truckloads of product close to the market and then distribute locally using "milk runs" with smaller vehicles. The presence of an intermediary who can receive a full truckload shipment, break bulk, and then make smaller deliveries to the retailers is crucial if transportation costs are to be kept low. Most Indian distributors are one-stop shops, stocking everything from cooking oil to soaps and detergents made by a variety of manufacturers. Besides the convenience provided by one-stop shopping, distributors in India are also able to reduce transportation costs for outbound delivery to the retailer by aggregating products across multiple manufacturers during the delivery runs. Distributors in India also handle collections, because their cost of collection is significantly lower than each manufacturer collecting from retailers on its own. Thus, the important role of distributors in India can be explained by the growth in supply chain surplus that results from their presence. The supply chain surplus argument implies that as retailing in India begins to consolidate, the role of distributors will diminish.

2.3 Decision Phases in a Supply Chain

Successful supply chain management requires many decisions relating to the flow of information, product, and funds. Each decision should be made with the objective to raise the supply chain surplus. These decisions fall into three categories or phases, depending on the frequency of each decision and the time frame during which a decision phase has an impact. As a result, each category of decisions must consider uncertainty over the decision horizon.

1. Supply Chain Strategy or Design

During this phase, given the marketing and pricing plans for a product, a company decides how to structure the supply chain over the next several years. It decides what the chain's configuration will be, how resources will be allocated, and what processes each stage will perform. Strategic decisions made by companies include whether to outsource or perform a supply chain function in-house, the location and capacities of production and warehousing facilities, the products to be manufactured or stored at various locations, the modes of transportation to be made available along different shipping legs, and the type of information system to be utilized. A firm must ensure that the supply chain configuration supports its strategic objectives and increases the supply chain surplus during this phase. Supply chain design decisions are typically made for the long term (a matter of years) and are very expensive to alter on short notice. Consequently, when companies make these decisions, they must take into account uncertainty in anticipated market conditions over the next few years.

2. Supply Chain Planning

For decisions made during this phase, the time frame considered is a quarter to a year. The goal of planning is to maximize the supply chain surplus that can be generated over the planning horizon given the constraints established during the strategic or design phase. Companies start the planning phase with a forecast for the coming year (or a comparable time frame) of demand in different markets. It includes making decisions regarding which markets will be supplied from which locations, the subcontracting of manufacturing, the inventory policies to be followed, and the timing and size of marketing and price promotions. Planning establishes parameters within which a supply chain will function over a specified period of time. In the planning phase, companies must include uncertainty in demand, exchange rates, and competition over this time horizon in their decisions. Given a shorter time frame and better forecasts than the design phase, companies in the planning phase try to incorporate any flexibility built into the supply chain in the design phase and exploit it to optimize performance. As a result of the planning phase, companies define a set of operating policies that govern short-term operations.

3. Supply Chain Operation

The time horizon here is weekly or daily, and during this phase companies make decisions regarding individual customer orders. At the operational level, supply chain

configuration is considered fixed, and planning policies are already defined. The goal of supply chain operations is to handle incoming customer orders in the best possible manner. During this phase, firms allocate inventory or production to individual orders, set a date that an order is to be filled, generate pick lists at a warehouse, allocate an order to a particular shipping mode and shipment, set delivery schedules of trucks, and place replenishment orders. Because operational decisions are being made in the short term (minutes, hours, or days), there is less uncertainty about demand information. Given the constraints established by the configuration and planning policies, the goal during the operation phase is to exploit the reduction of uncertainty and optimize performance. The design, planning, and operation of a supply chain have a strong impact on overall profitability and success.

2.4 Supply Chain Macro Processes

Supply chain macro process are described under the three macro process;

1) Customer Relationship Management (CRM)

All processes that focus on the interface between the firm and its customers

2. Internal supply chain management (ISCM)

All processes that are internal to the firm

3. Supplier Relationship Management (SRM)

All processes that focus on the interface between the firm and its suppliers

The three macro processes manage the flow of information, product, and funds required to generate, receive, and fulfill a customer request. The CRM macro process aims to generate customer demand and facilitate the placement and tracking of orders. It includes processes such as marketing, pricing, sales, order management, and call center management. The ISCM macro process aims to fulfill demand generated by the CRM process in a timely manner and at the lowest possible cost. ISCM processes include the planning of internal production and storage capacity, preparation of demand and supply plans, and fulfillment of actual orders. ISCM processes include planning for the location and size of warehouses; deciding which products to carry at each warehouse; preparing inventory management policies; and picking, packing, and shipping actual orders. The SRM macro process aims to arrange for and manage supply sources for various goods and services. SRM processes include the evaluation and selection of

suppliers, negotiation of supply terms, and communication regarding new products and orders with suppliers. SRM processes include the selection of suppliers for various products, negotiation of pricing and delivery terms with suppliers, sharing of demand and supply plans with suppliers, and the placement of replenishment orders. For a supply chain to be successful, it is crucial that the three macro processes are well integrated. The organizational structure of the firm has a strong influence on the success or failure of the integration effort. In many firms, marketing is in charge of the CRM macro process, manufacturing handles the ISCM macro process, and purchasing oversees the SRM macro process-with very little communication among them. It is not unusual for marketing and manufacturing to have two different forecasts when making their plans. This lack of integration hurts the supply chain's ability to match supply and demand effectively, leading to dissatisfied customers and high costs. Thus, firms should structure a supply chain organization that mirrors the macro processes and ensures good communication and coordination among the owners of processes that interact with each other.

Fig: 2.1 Supply Chain Macro Process



2.5 Elements of supply chain

A simple supply chain is made up of several elements that are linked by the movement of products along it. The supply chain starts and ends with the customer.

a) Customer:

The customer starts the chain of events when they decide to purchase a product that has been offered for sale by a company. The customer contacts the sales department of the company, which enters the sales order for a specific quantity to be delivered on a

specific date. If the product has to be manufactured, the sales order will include a requirement that needs to be fulfilled by the production facility.

b) Planning:

The requirement triggered by the customer's sales order will be combined with other orders. The planning department will create a production plan to produce the products to fulfill the customer's orders. To manufacture the products the company will then have to purchase the raw materials needed.

c) Purchasing:

The purchasing department receives a list of raw materials and services required by the production department to complete the customer's orders. The purchasing department sends purchase orders to selected suppliers to deliver the necessary raw materials to the manufacturing site on the required date.

d) Inventory

The raw materials are received from the suppliers, checked for quality and accuracy and moved into the warehouse. The supplier will then send an invoice to the company for the items they delivered. The raw materials are stored until they are required by the production department.

Inventory is spread throughout the supply chain and includes everything from raw material to work in process to finished goods that are held by the manufacturers, distributors, and retailers in a supply chain. Again, managers must decide where they want to position themselves in the trade-off between responsiveness and efficiency. Holding large amounts of inventory allows a company or an entire supply chain to be very responsive to fluctuations in customer demand. However, the creation and storage of inventory involves a cost and to achieve high levels of efficiency, the cost of inventory should be kept as low as possible.

There are three basic decisions to make regarding the creation and holding of inventory:

1. Cycle Inventory

This is the amount of inventory needed to satisfy demand for the product in the period between purchases of the product. Companies tend to produce and to purchase in large lots in order to gain the advantages that economies of scale can bring. However, with large lots also comes increased carrying costs. Carrying costs come from the cost to store, handle, and insure the inventory. Managers face the trade-off between the reduced

cost of ordering and better prices offered by purchasing product in large lots and the increased carrying cost of the cycle inventory that comes with purchasing in large lots.

2. Safety Inventory

Inventory that is held as a buffer against uncertainty. If demand forecasting could be done with perfect accuracy, then the only inventory that would be needed would be cycle inventory. But since every forecast has some degree of uncertainty in it, we cover that uncertainty to a greater or lesser degree by holding additional inventory in case demand is suddenly greater than anticipated. The trade-off here is to weigh the costs of carrying extra inventory against the costs of losing sales due to insufficient inventory.

3. Seasonal Inventory

This is inventory that is built up in anticipation of predictable increases in demand that occur at certain times of the year. For example, it is predictable that demand for anti-freeze will increase in the winter. If a company that makes anti-freeze has a fixed production rate that is expensive to change, then it will try to manufacture product at a steady rate all year long and build up inventory during periods of low demand to cover for periods of high demand that will exceed its production rate. The alternative to building up seasonal inventory is to invest in flexible manufacturing facilities that can quickly change their rate of production of different products to respond to increases in demand. In this case, the trade-off is between the cost of carrying seasonal inventory and the cost of having more flexible production capabilities.

e) Production

Production refers to the capacity of a supply chain to make and store products. The facilities of production are factories and warehouses. Based on a production plan, the raw materials are moved to the production area. The finished products ordered by the customer are manufactured using the raw materials purchased from suppliers. After the items have been completed and tested, they are stored back in the warehouse prior to delivery to the customer.

The fundamental decision that managers face when making production decisions is how to resolve the trade-off between responsiveness and efficiency. In the case of perishables, land may be considered as a factory. Except a few cases, widely the production will be outsourced.

f) Transportation

When the finished product arrives in the warehouse, the shipping department determines the most efficient method to ship the products so that they are delivered on or before the date specified by the customer. When the goods are received by the customer, the company will send an invoice for the delivered products.

This refers to the movement of everything from raw material to finished goods between different facilities in a supply chain. In transportation the trade-off between responsiveness and efficiency is manifested in the choice of transport mode

There are six basic modes of transport that a company can choose from:

1. Ship which is very cost efficient but also the slowest mode of transport. It is limited to use between locations that are situated next to navigable waterways and facilities such as harbors and canals.
2. Rail which is also very cost efficient but can be slow. This mode is also restricted to use between locations that are served by rail lines.
3. Pipelines can be very efficient but are restricted to commodities that are liquids or gases such as water, oil, and natural gas.
4. Trucks are a relatively quick and very flexible mode of transport. Trucks can go almost anywhere. The cost of this mode is prone to fluctuations though, as the cost of fuel fluctuates and the condition of roads varies.
5. Airplanes are a very fast mode of transport and are very responsive. This is also the most expensive mode and it is somewhat limited by the availability of appropriate airport facilities.
6. Electronic Transport is the fastest mode of transport and it is very flexible and cost efficient. However, it can only be used for movement of certain types of products such as electric energy, data, and products composed of data such as music, pictures, and text.

Given these different modes of transportation and the location of the facilities in a supply chain, managers need to design routes and Channels for moving products. A route is the path through which products move and Channels are composed of the collection of the paths and facilities connected by those paths. As a general rule, the

higher the value of a product (such as electronic components or pharmaceuticals), the more its transport Channel should emphasize responsiveness and the lower the value of a product (such as bulk commodities like grain or lumber), the more its Channel should emphasize efficiency.

The mode of transportation adopted by Elite supermarket is the road way. When the perishable food products are transported through the road way, it should be given much care in logistical aspects. it is better to adopt a logistic unit with cold storage facility.

g) Information

Information is the basis upon which to make decisions regarding the other four supply chain drivers. It is the connection between all of the activities and operations in a supply chain. To the extent that this connection is a strong one, (i.e., the data is accurate, timely, and complete), the firm in a supply chain will each be able to make good decisions for their own operations. This will also tend to maximize the profitability of the supply chain as a whole. That is the way that stock markets or other free markets work and supply chains have many of the same dynamics as markets.

Information is used for two purposes in any supply chain viz;

Coordinating daily activities related to the functioning of the other four supply chain drivers: production; inventory; location; and transportation. Forecasting and planning to anticipate and meet future demands. Available information is used to make tactical forecasts to guide the setting of monthly and quarterly production schedules and timetables. Information is also used for strategic forecasts to guide decisions about whether to build new facilities, enter a new market, or exit an existing market. Abundant, accurate information can enable very efficient operating decisions and better forecasts but the cost of building and installing systems to deliver this information can be very high.

Within the supply chain as a whole, the responsiveness versus efficiency trade-off that firm make is one of deciding how much information to share with the other firm and how much information to keep private. The more information about product supply, customer demand, market forecasts, and production schedules that firm share with each other, the more responsive everyone can be. Balancing this openness however, are the

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concerns that each firm has about revealing information that could be used against it by a competitor.

2.6 Participants in the Supply Chain

Participants in the Supply Chain In its simplest form, a supply chain is composed of a company and the suppliers and customers of that company. This is the basic group of participants that creates a simple supply chain. Extended supply chains contain three additional types of participants. First there is the supplier's supplier or the ultimate supplier at the beginning of an extended supply chain. Then there is the customer's customer or ultimate customer at the end of an extended supply chain. Finally there is a whole category of companies who are service providers to other companies in the supply chain. These are companies who supply services in logistics, finance, marketing, and information technology.

In any given supply chain there is some combination of companies who perform different functions. There are companies that are producers, distributors or wholesalers, retailers, and companies or individuals who are the customers, the final consumers of a product. Supporting these companies there will be other companies that are service providers that provide a range of needed services.

a) Producers

Producers or manufacturers are organizations that make a product. This includes companies that are producers of raw materials and companies that are producers of finished goods. Producers of raw materials are organizations that mine for minerals, drill for oil and gas, and cut timber. It also includes organizations that farm the land, raise animals, or catch seafood. Producers of finished goods use the raw materials and subassemblies made by other producers to create their products.

Producers can create products that are intangible items such as music, entertainment, software, or designs. A product can also be a service such as mowing a lawn, cleaning an office, performing surgery, or teaching a skill. In many instances the producers of tangible, industrial products are moving to areas of the world where labor is less costly.

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Producers in the developed world of North America, Europe, and parts of Asia are increasingly producers of intangible items and services.

b) Distributors

Distributors are companies that take inventory in bulk from producers and deliver a bundle of related product lines to customers. Distributors are also known as wholesalers. They typically sell to other businesses and they sell products in larger quantities than an individual consumer would usually buy. Distributors buffer the producers from fluctuations in product demand by stocking inventory and doing much of the sales work to find and service customers. For the customer, distributors fulfill the "Time and Place" function they deliver products when and where the customer wants them.

A distributor is typically an organization that takes ownership of significant inventories of products that they buy from producers and sell to consumers. In addition to product promotion and sales, other functions the distributor performs are inventory management, warehouse operations, and product transportation as well as customer support and post-sales service. A distributor can also be an organization that only brokers a product between the producer and the customer and never takes ownership of that product. This kind of distributor performs mainly the functions of product promotion and sales. In both these cases, as the needs of customers evolve and the range of available products changes, the distributor is the agent that continually tracks customer needs and matches them with products available.

c) Retailers

Retailer's stock inventory and sell in smaller quantities to the general public. This organization also closely tracks the preferences and demands of the customers that it sells to. It advertises to its customers and often uses some combination of price, product selection, service, and convenience as the primary draw to attract customers for the products it sells. Discount department stores attract customers using price and wide product selection. Upscale specialty stores offer a unique line of products and high levels of service. Fast food restaurants use convenience and low prices as their draw.

d) Customers

Customers or consumers are any organization that purchases and uses a product. A customer organization may purchase a product in order to incorporate it into another product that they in turn sell to other customers. Or a customer may be the final end user of a product who buys the product in order to consume it.

e) Service Providers

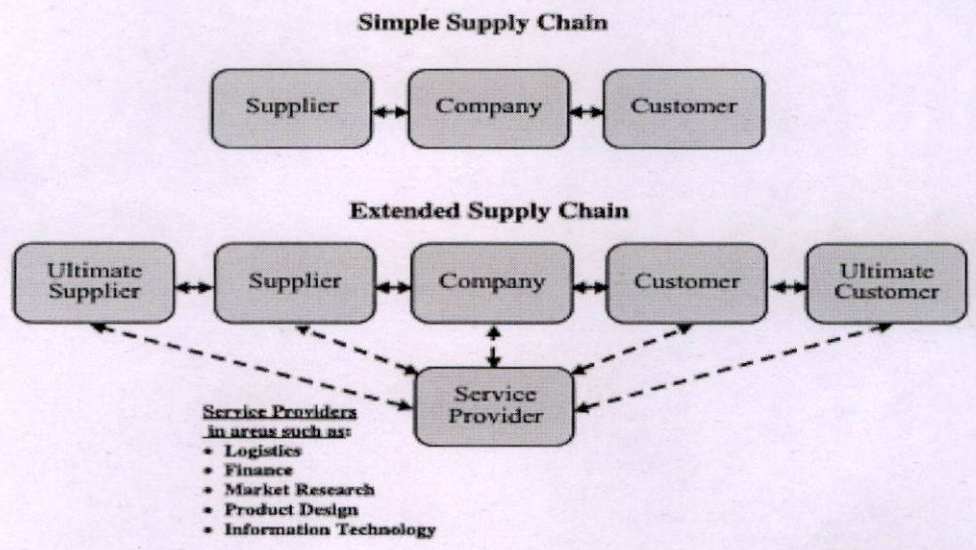
These are organizations that provide services to producers, distributors, retailers, and customers. Service providers have developed special expertise and skills that focus on a particular activity needed by a supply chain. Because of this, they are able to perform these services more effectively and at a better price than producers, distributors, retailers, or consumers could do on their own.

Some common service providers in any supply chain are providers of transportation services and warehousing services. These are trucking companies and public warehouse companies and they are known as logistics providers. Financial service providers deliver services such as making loans, doing credit analysis, and collecting on past due invoices. These are banks, credit rating companies, and collection agencies. Some service providers deliver market research and advertising, while others provide product design, engineering services, legal services, and management advice. Still other service providers offer information technology and data collection services. All these service providers are integrated to a greater or lesser degree into the ongoing operations of the producers, distributors, retailers, and consumers in the supply chain.

Supply chains are composed of repeating sets of participants that fall into one or more of these categories. Over time the needs of the supply chain as a whole remain fairly stable. What changes is the mix of participants in the supply chain and the roles that each participant plays. In some supply chains, there are few service providers because the other participants perform these services on their own. In other supply chains very efficient providers of specialized services have evolved and the other participants outsource work to these service providers instead of doing it themselves.

Fig: 2.2 Supply Chain Structure

Supply Chain Structure



2.7 Supply Chain Management

To ensure that the supply chain is operating as efficient as possible and generating the highest level of customer satisfaction at the lowest cost, companies have adopted Supply Chain Management processes and associated technology. Supply Chain Management has three levels of activities that different parts of the company will focus on: strategic; tactical; and operational.

a) Strategic

At this level, company management will be looking to high level strategic decisions concerning the whole organization, such as the size and location of manufacturing sites, partnerships with suppliers, products to be manufactured and sales markets.

Every effective supply chain strategy begins with solid long-term decision-making. The strategy level lays the groundwork for the entire supply chain process, from beginning to end, and is an essential part of supply chain management. Strategy level supply chain decisions are usually the first step of developing a good process.

Issues addressed at this level include:

1. Choosing the site and purpose of business facilities

2. Creating a Channel of reliable suppliers, transporters, and logistics handlers
3. Long-term improvements and innovations to meet client demands
4. Inventory and product management throughout its life cycle
5. IT programs and systems to make the process more effective

b) Tactical

Tactical decisions focus on adopting measures that will produce cost benefits such as using industry best practices, developing a purchasing strategy with favored suppliers, working with logistics companies to develop cost effective transportation and developing warehouse strategies to reduce the cost of storing inventory.

Businesses make short-term decisions involving the supply chain at the tactical level. At the strategy level, general planning begins, but processes are actually defined at the tactical level. Tactical decisions play a big role in controlling costs and minimizing risks. At this level, the focus is on customer demands and achieving the best end value.

Common concerns include:

1. Procurement contracts for necessary materials and services
2. Production schedules and guidelines to meet quality, safety, and quantity standards
3. Transportation and warehousing solutions, including outsourcing and third-party options
4. Inventory logistics, including storage and end-product distribution
5. Adopting best practices in comparison to competitors

c) Operational

Decisions at this level are made each day in businesses that affect how the products move along the supply chain. Operational decisions involve making schedule changes to production, purchasing agreements with suppliers, taking orders from customers and moving products in the warehouse.

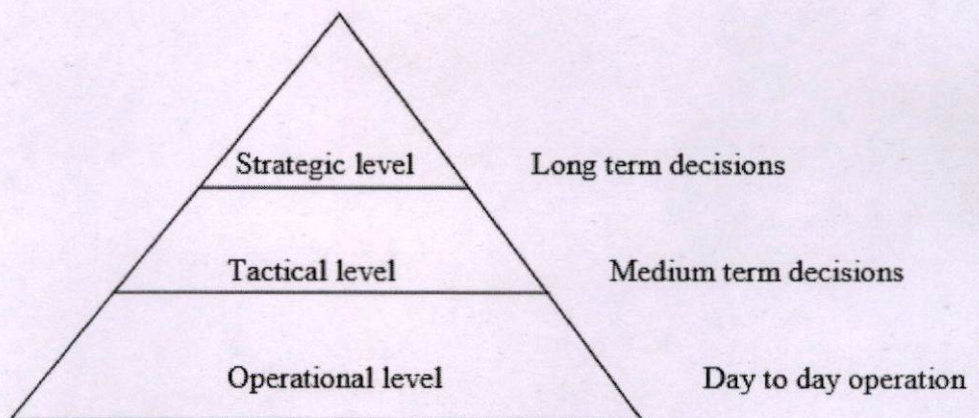
The operational level of supply chain management is the most obvious. These are the day-to-day processes, decision-making, and planning that take place to keep the supply chain active. The mistake that many companies make is to jump straight into operational management without focusing on the strategy and tactical levels. Effective operational level processes are the result of strong strategical and tactical planning.

Some aspects of operational level management are:

1. Daily and weekly forecasting to figure out and satisfy demand
2. Production operations, including scheduling and detailed management of goods-in-process
3. Monitoring logistics activity for contract and order fulfillment
4. Settling damages or losses with suppliers, vendors, and clients
5. Managing incoming and outgoing materials and products, as well as on-hand inventories

The most effective supply chain strategies are the result of a holistic management approach. When all 3 levels of supply chain management are given proper attention, every member of the supply chain benefits.

Fig: 2.3 Three Levels of Supply Chain Management



Source: Supply chain management (Book)

2.8 Key Dimensions of Supply Chain Management

Five key dimensions in which the impacts can be found:

1. Information integration
2. Planning synchronization
3. Workflow coordination, and
4. New business models

5. Integration cooperation

Outsourcing organizations need to use models to help develop strategies and tactics for assessing and managing project risk” The supply chain manager supervises all the related Supply Chain processes for the organization. Effective supply chain management involves the coordination of all of the various elements of the chain as quickly as possible by harmonizing the contributions at each stage, including partners, Vendors and customers. This must be done as cost-effectively as possible with an eye always on the customer. Being more attentive to the stages throughout the length of the chain helps companies to stay competitive, reduces overall costs, increases efficiency and ultimately, keeps the customers happy. Supply chains are becoming increasingly integrated and complex, and as such now require dedicated and well-trained managers.

1. Information integration

Refers to the sharing of information among Integration members of the supply chain. This includes any type of data that could influence the actions and performance of other members of the supply chain. Some examples include: demand data, inventory status, capacity plans, production schedules, promotion plans, and shipment schedules. Ideally, such information can be accessible by the appropriate parties on a real-time, on-line basis without significant effort.

2. Planning synchronization

Refers to the joint design and execution Synchronization of plans for product introduction, forecasting and replenishment. In essence, planning synchronization defines what is to be done with the information that is shared; it is the mutual agreement among members as to specific actions based on that information. Hence, members in a supply chain may have their order fulfillment plans coordinated so that all replenishments are made to meet the same objective – the ultimate customer demands.

3. Workflow coordination

Refers to streamlined and automated Coordination workflow activities between supply chain partners. Here, we take integration one step further by defining not just “what” we would do with shared information, but “how.” For example, procurement activities from a manufacturer to a supplier can be tightly coupled so that efficiencies in terms of accuracy, time, and cost, can be achieved. Product development activities involving multiple companies can also be integrated to achieve similar efficiencies. In the best-

case situation, supply chain partners would rely on technology solutions to actually automate many or all of the internal and cross-company workflow steps.

4. New Business Models

Adopting e-business approaches to supply chain integration Models promises more than just incremental improvements in efficiency. Many companies are discovering whole new approaches to conducting business, and even new business opportunities not previously possible. E-business allows partners redefine logistics flows so that the roles and responsibilities of members may change to improve overall supply chain efficiency. A supply chain Channel may jointly create new products, pursue mass customization, and penetrate new markets and customer segments. New rules of the supply chain game can emerge as a result of integration fueled by the Internet.

5. Integration Cooperation

Integration cannot be complete without a tight linkage of the Cooperation organizational relationships between companies. This linkage must take place on many planes.

- 1. Channels of communication must be well defined and maintained, with roles and responsibilities clearly articulated.
- 2. Performance measures for members of the supply chain also need to be specified and monitored. A member of the supply chain may be held accountable for some performance measures of another member, and there may be some performance measures for which multiple organizations are jointly held accountable. Such extended performance measures encourage closer collaboration and coordination.
- 3. Incentives must be aligned for all members in order for supply chain integration to work. Incentive alignment requires a careful definition of mechanisms in which the risks and associated gains of integration efforts are equitably shared. Moreover, the incentive for each member must commensurate with her investment and risk. The success of any supply chain integration effort is predicated on close cooperation inspired by a perception of mutual benefit. As we will see, e-business approaches can go a long way toward fostering the necessary level of trust and commitment.

2.9 The key supply chain processes

- a) Customer service management
- b) Procurement
- c) Product development and commercialization
- d) Manufacturing flow management/support
- e) Physical distribution
- f) Outsourcing/partnerships
- g) Performance measurement
- h) Warehousing management

a) Customer service management process

Customer Relationship Management concerns the relationship between the organization and its customers. Customer service is the source of customer information. It also provides the customer with real-time information on scheduling and product availability through interfaces with the company's production and distribution operations. Successful organizations use the following steps to build customer relationships:

1. Determine mutually satisfying goals for organization and customer
2. Establish and maintain customer rapport
3. Produce positive feelings in the organization and the customers

b) Procurement process

Strategic plans are drawn up with suppliers to support the manufacturing flow of management process and the development of new products. In firms where operations extend globally, sourcing should be managed on a global basis. The desired outcome is a win-win relationship where both parties benefit, and a reduction in time required for the design cycle and product development. Also, the purchasing function develops rapid communication systems, such as electronic data interchange (EDI) and Internet

linkage to convey possible requirements more rapidly. Activities related to obtaining products and materials from outside suppliers involve resource planning, supply sourcing, negotiation, order placement, inbound transportation, storage, handling and quality assurance, many of which include the responsibility to coordinate with suppliers on matters of scheduling, supply continuity, hedging, and research into new sources or programs.

c) Product develops and commercialization

Here, customers and suppliers must be integrated into the product development process in order to reduce time to market. As product life cycles shorten, the appropriate products must be developed and successfully launched with ever shorter time-schedules to remain competitive. According to Lambert and Cooper (2000), managers of the product development and commercialization process must:

- 1. Coordinate with customer relationship management to identify customer-articulated needs; 2. Select materials and suppliers in conjunction with procurement, and
- 3. Develop production technology in manufacturing flow to manufacture and integrate into the best supply chain flow for the product/market combination.

d) Manufacturing flow management process

The manufacturing process produces and supplies products to the distribution channels based on past forecasts. Manufacturing processes must be flexible to respond to market changes and must accommodate mass customization. Orders are processes operating on a just-in-time (JIT) basis in minimum lot sizes. Also, changes in the manufacturing flow process lead to shorter cycle times, meaning improved responsiveness and efficiency in meeting customer demand. Activities related to planning, scheduling and supporting manufacturing operations, such as work-in-process storage, handling, transportation, and time phasing of components, inventory at manufacturing sites and maximum flexibility in the coordination of geographic and final assembly's postponement of physical distribution operations.

e) Physical distribution

This concerns movement of a finished product/service to customers. In physical distribution, the customer is the final destination of a marketing channel, and the

availability of the product/service is a vital part of each channel participant's marketing effort. It is also through the physical distribution process that the time and space of customer service become an integral part of marketing, thus it links a marketing channel with its customers (e.g., links manufacturers, wholesalers, retailers).

f) Outsourcing/partnerships

This is not just outsourcing the procurement of materials and components, but also outsourcing of services that traditionally have been provided in-house. The logic of this trend is that the company will increasingly focus on those activities in the value chain where it has a distinctive advantage, and outsource everything else. This movement has been particularly evident in logistics where the provision of transport, warehousing and inventory control is increasingly subcontracted to specialists or logistics partners. Also, managing and controlling this Channel of partners and suppliers requires a blend of both central and local involvement. Hence, strategic decisions need to be taken centrally, with the monitoring and control of supplier performance and day-to-day liaison with logistics partners being best managed at a local level.

g) Performance measurement

Experts found a strong relationship from the largest arcs of supplier and customer integration to market share and profitability. Taking advantage of supplier capabilities and emphasizing a long-term supply chain perspective in customer relationships can both be correlated with firm performance. As logistics competency becomes a more critical factor in creating and maintaining competitive advantage, logistics measurement becomes increasingly important because the difference between profitable and unprofitable operations becomes narrower. A.T. Kearney Consultants (1985) noted that firms engaging in comprehensive performance measurement realized improvements in overall productivity. According to experts, internal measures are generally collected and analyzed by the firm including;

1. Cost: In the era of control regime, the task of purchasing and selling was relatively easy - competition was less and the market was assured. But suddenly all that changed - the markets opened and competition increased; selling is now possible only if prices are reduced and quality improved - in other words, the customer wants more and more per unit cost.

2. Customer Service: Customer service is the source of customer information. Typical measures of customer service are a company's ability to fill orders within due date (fill rate), or its ability to deliver products to customers within the time quoted (on time deliveries).

3. Productivity measures: Supply chain managers must be responsible for the earning power and productivity of the assets in their trust, not just for cost control of these assets. This is supply chain productivity, and it goes far beyond traditional supply chain management.

4. Asset measurement: Asset valuation is used when a company is asset-intensive. Retail businesses and manufacturing companies fall into this category.

5. Quality: To help improve customer satisfaction, greater emphasis is given to the aspect of quality in the supply chain. Supply chain operations within an organization should be constantly reviewed to identify where improvements can be made or deficiencies eliminated.

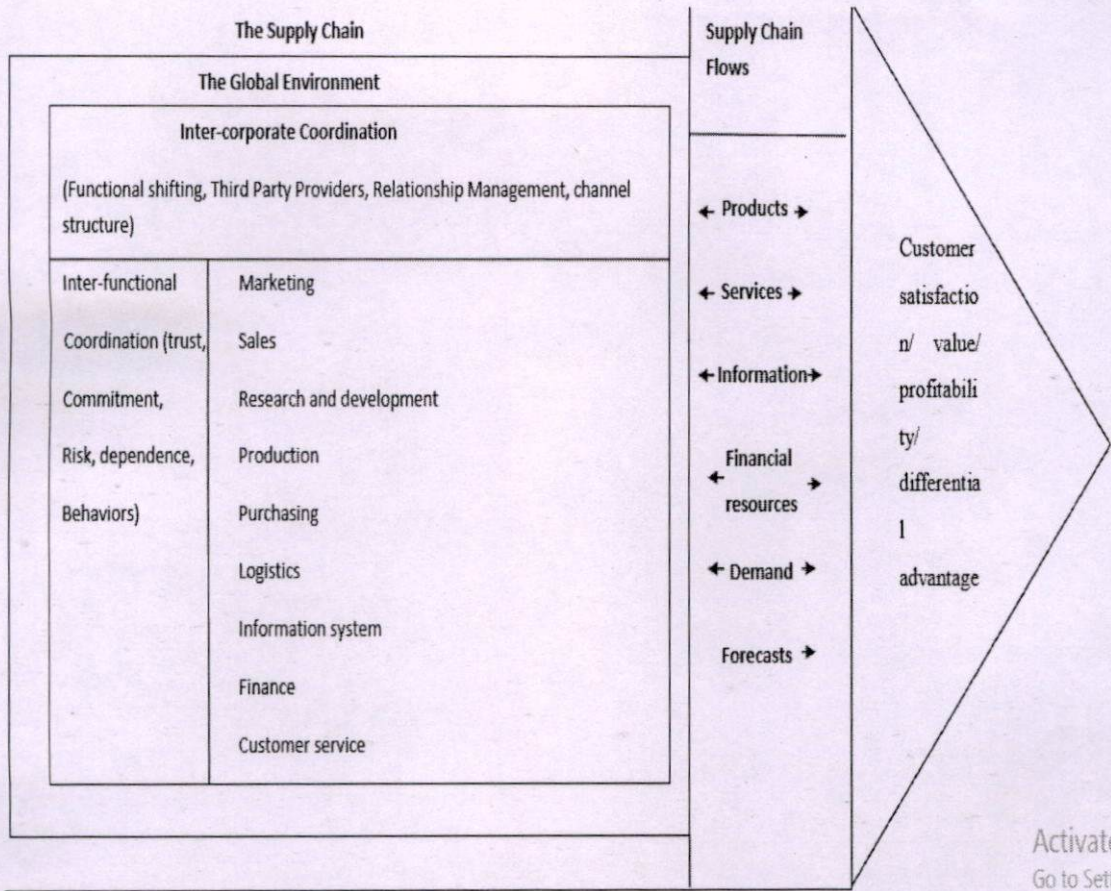
External performance measurement is examined through customer perception measures and "best practice" benchmarking, and includes

- 1) Customer perception measurement, and
- 2) Best practice benchmarking.

h) Warehousing management

As a case of reducing company cost & expenses, warehousing management is carrying the valuable role against operations. In case of perfect storing & office with all convenient facilities in company level, reducing manpower cost, dispatching authority with on time delivery, loading & unloading facilities with proper area, area for service station, stock management system etc.

Fig: 2.4 Components of Supply Chain Management



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Industry and Organization Profile

Chapter - 3

Industry and Organization Profile

3.1 INDUSTRY PROFILE

3.1.1 Indian Retail Industry: An Overview

The India Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment (Department of Industrial Policy and Promotion website, Union Budget 2017–18). The India Retail Industry is gradually inching its way towards becoming the next boom industry. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them.

The total concept and idea of shopping has undergone an attention drawing change in terms of format and consumer buying behavior, ushering in a revolution in shopping in India.

Modern retailing has entered into the Retail market in India as is observed in the form of bustling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing workingwomen population and emerging opportunities in the services sector play a key role in the growth of the organized Retail sector in India.

The growth pattern in organized retailing and in the consumption made by the Indian population is expected to follow a rising graph helping the newer businessmen to enter the India Retail Industry. Indian retail is expected to grow 25 per cent annually (Union Budget 2017–18). In the vast middle class and its almost untapped retail industry in India act as key attractive forces for global retail giants to enter into newer markets, which in turn is expected would help the India Retail Industry to grow faster.

An analysis of the size of retail business in India shows that modern retail in India could be worth US\$ 175-200 billion by 2016 and that the food retail industry in India

dominates the shopping basket. The Mobile phone Retail Industry in India is already a US\$ 16.7 billion business, growing at over 20 per cent per year.

The future of the India Retail Industry looks promising with the growing of the market, with the government policies becoming more favorable and the emerging technologies facilitating operations. India is the country having the most unorganized retail market. Traditionally it is a family's Livelihood, with their shop in the front and house at the back, while they run the retail business. The Indian retail sector is estimated at around Rs 900,000 crore, of which the organized sector accounts for a mere 2 per cent indicating a huge potential market opportunity that is lying in the waiting for the consumer-savvy organized retailer (2017-2018). More than 99% retailer's function in less than 500 square feet of shopping space. The ever growing purchasing power of Indian urban consumer is growing and the branded merchandise in categories like Apparels, Cosmetics, Shoes, Watches, Beverages, Food and even Jewelry, are slowly becoming lifestyle products that are widely accepted by the urban Indian consumer.

Indian retailers need to take advantage of this growth and grab the opportunity high diversification and introducing new formats at the same time pay more attention to the brand building process. The emphasis should be retail as a brand rather than retailers selling brands.

The focus should be on branding the retail business itself. In their preparation to face fierce competitive pressure, Indian retailers must come to recognize the value of building their own stores as brands to reinforce their marketing positioning, to communicate quality as well as value for money.

Sustainable competitive advantage would be in translating core values combining products, image and reputation into a coherent retail brand strategy. There is no doubt that the Indian retail scene is booming. A number of large corporate houses Tata's, Raheja's, Piramal's, Goenkas have already made their foray into this arena, with beauty and health stores, supermarkets, self-service music stores, newage book stores, everyday-low-price stores, computers and peripherals stores, office equipment stores and home/building construction stores. Today the organized players have attacked every retail category.

The Indian retail scene has witnessed too many players in too short a time, crowding several categories without looking at their core competencies, or having a well thought out branding strategy. The Indian retail sector is highly fragmented with more than 90 per cent of its business being carried out by traditional family run small stores. This provides immense opportunity for large scale retailers to set-up their operations – a slew of organized retail formats like departmental stores, hypermarkets, supermarkets and specialty stores are swiftly replacing the traditional formats dramatically altering the retailing landscape in India.

India is the third-most attractive retail market for global retailers among the 30 largest emerging markets, according to US consulting group AT Kearney's report published in June 2010.

3.1.2 Retail – Market Size

The total retail sales in India will grow from US\$ 395.96 billion in 2011 to US\$ 785.12 billion by 2015, according to the BMI India Retail report for the third quarter of 2011. Robust economic growth, high disposable income with the end-consumer and the rapid construction of organized retail infrastructure are key factors behind the forecast growth. Along with the expansion in middle and upper class consumer base, the report identifies potential in India's tier-II and tier-III cities as well. The greater availability of personal credit and a growing vehicle population providing improved mobility also contribute to a trend towards annual retail sales growth of 12.2 per cent. Indian retail sector accounts for 22 per cent of the country's gross domestic product (GDP) and contributes to 8 per cent of the total employment.

3.1.3 Organized vs Unorganized Retailing

The Indian retail market, over the last decade, has been increasingly leaning towards organized retailing formats. The pattern in domestic retailing is altering in the favor of organized modern retailing, a big change from the traditional plethora of unorganized family-owned businesses. Rapid urbanization, changes in shopping pattern, demographic dividend and pro-active measures by the Government are abetting the growth of the retail sector in India. according to a McKinsey & Company report titled 'The Great Indian Bazaar: Organized Retail Comes of Age in India' remarked that organized retail in India is expected to increase from 5 per cent of the total market in

2008 to 14 – 18 per cent of the total retail market and reach US\$ 450 billion by 2015. Furthermore, according to a report titled 'India Organized Retail Market 2010', published by Knight Frank India, during 2010-12 around 55 million square feet (sq. ft.) of retail space will be ready in Mumbai, national capital region (NCR), Bengaluru, Kolkata, Chennai, Hyderabad and Pune. They also predicted that between 2010 and 2012, the organized retail real estate stock will grow from the existing 41 million sq ft to 95 million sq ft.

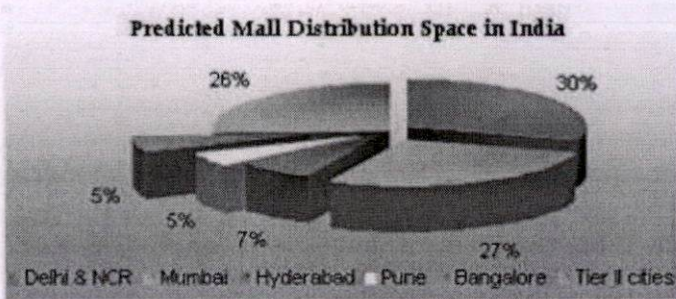
3.1.4 Growth of Retail Sector in India

Retail and real estate are the two booming sectors of India in the present times. And if industry experts are to be believed, the prospects of both the sectors are mutually dependent on each other.

As the contemporary retail sector in India is reflected in sprawling shopping centers, multiplex- malls and huge complexes offer shopping, entertainment and food all under one roof, the concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. This has also contributed to large-scale investments in the real estate sector with major national and global players investing in developing the infrastructure and construction of the retailing business.

1. The trends that are driving the growth of the retail sector in India are
2. Low share of organized retailing
3. Falling real estate prices
4. Increase in disposable income and customer aspiration
5. Increase in expenditure for luxury items

Fig: 3.1 Predicted Mall Distribution Space in India



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Another credible factor in the prospects of the retail sector in India is the increase in the young working population. In India, hefty pay packets, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector.

These key factors have been the growth drivers of the organized retail sector in India which now boast of retailing almost all the preferences of life - Apparel & Accessories, Appliances, Electronics, Cosmetics and Toiletries, Home & Office Products, Travel and Leisure and many more. With this the retail sector in India is witnessing rejuvenation as traditional markets make way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores.

If development plans till 2007 is studied it shows the projection of 220 shopping malls, with 139 malls in metros and the remaining 81 in the Tier II cities. The government of states like Delhi and National Capital Region (NCR) are very upbeat about permitting the use of land for commercial development thus increasing the availability of land for retail space; thus making NCR render to 50% of the malls in India.

Retail, one of India's largest industries, has presently emerged as one of the most dynamic and fast paced industries of our times with several players entering the market.

Accounting for over 10 per cent of the country's GDP and around eight per cent of the employment retailing in India is gradually inching its way toward becoming the next boom industry.

India is being seen as a potential goldmine for retail investors from over the world and latest research has rated India as the top destination for retailers for an attractive emerging retail market. India's vast middle class and its almost untapped retail industry are key attractions for global retail giants wanting to enter newer markets.

Even though India has well over 5 million retail outlets, the country sorely lacks anything that can resemble a retailing industry in the modern sense of the term. This presents international retailing specialists with a great opportunity. The organized retail sector is expected to grow stronger than GDP growth in the next five years driven by changing lifestyles, burgeoning income and favorable demographic outline.

3.1.5 Food Retailing in India

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year. In India, the food sector has emerged as a high-growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry. The food industry, which is currently valued at US\$ 39.71 billion, is expected to grow at a Compounded Annual Growth Rate (CAGR) of 11 % to US\$ 65.4 billion by 2018(Deloitte report, Department of Industrial Policy and Promotion website, Union Budget 2017–18). Food and grocery account for around 31 % of India's consumption basket. The Government of India has been instrumental in the growth and development of the food processing industry. The government through the Ministry of Food Processing Industries (MoFPI) is making all efforts to encourage investments in the business. It has approved proposals for joint ventures, foreign collaborations; industrial licenses and 100 % export oriented units. The Indian food and grocery market is the world's sixth largest, with retail contributing 70% of the sales. The Indian food retail market is expected to reach Rs 61 lakh crores (US\$ 915 billion) by 2020. The Indian food processing industry accounts for 32% of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. It contributes around 14% of manufacturing Gross Domestic Product (GDP), 13% of India's exports and 6% of total industrial investment. Indian food service industry is expected to reach US\$ 78 billion by 2018. According to the data provided by the Department of Industrial Policies and Promotion (DIPP), the food processing sector in India has received around US\$ 7.47 billion worth of Foreign Direct Investment (FDI) during the period April 2000-December 2016. The Confederation of Indian Industry (CII) estimate that the food processing sectors have the potential to attract as much as US\$ 33 billion of investment over the next 10 years and also to generate employment of nine million person-days. Going forward, the adoption of food safety and quality assurance mechanisms such as Total Quality Management (TQM) including ISO 9000, ISO 22000, Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP) and Good Hygienic Practices (GHP) by the food processing industry offers several benefits. It would enable adherence to stringent quality and hygiene norms and thereby protect consumer health, prepare the industry to face global competition, enhance product acceptance by

overseas buyers and keep the industry technologically abreast of international best practices.

3.1.6 Key Challenges in Food Retailing

1) Demand Side

A) Penchant for fresh/home-made and value consciousness

The Indian consumer, unlike his western counterpart, has a penchant for freshly cooked food over packaged food. This is a result of dietary patterns, poor electricity supply, low penetration of refrigerators and a family structure where one of the primary roles of the housewife is feeding the family. The Indian consumer is extremely value conscious. A TSMG study indicates that packaged food players need to drive down prices by almost 35-40% to be comparable on cost with homemade food.

B) Diversity of tastes and preferences

Multiple cultures, languages and religions have a huge bearing on the tastes and preferences of the Indian consumer. This will pose a challenge for players aspiring to develop a pan Indian presence.

C) Willingness to travel

Given the current density of retail outlets in India, retailers will have to motivate the consumer to trade convenience with price, range and ambience.

2) Supply Side

A) Sourcing base and efficiency

The fragmented agri supply base coupled with an inadequate legal framework make it difficult for retailers and food processors to procure quality produce at competitive costs directly from farmers. The small size of the food processing industry further limits the supply options.

B) Real estate availability and cost

Rentals account for 7-7.5% of the total costs for organized retail in India against global benchmarks of less than 3%. Real estate availability and costs will continue to remain

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a challenge in the retail industry with factors like adequate parking, ambience and proximity being the key drivers of footfalls.

C) Manpower availability

As organized retail expands, there is expected to be a dearth of skilled manpower. The lack of institutions and courses for different aspects of retail management will have an impact on the overall supply of quality manpower.

3.1.7 Scope for Innovation in Food Retail

As the organized food retail market matures in India, there would be an increased need for players to differentiate through innovation. Innovations would largely come under two heads: Innovation on Retail format - Players can innovate on formats in different ways:

- by targeting specific customer segments and serving their needs better e.g. Working women, single office goers, etc.

- by changing the product mix e.g. entirely private label stores, exclusively fresh produce stores

- by offering new forms of convenience and wider range to the customer e.g. tele retail and internet retail

- Technological Innovations - Employing cutting edge technology in retail could prove to be the source of competitive advantage for retailers.

- Self-scan checkouts have the potential of both reducing check-out time manpower cost for the retailer

- Using RFID tags can help track and reduce in-store inventory management costs and give retailers better insights into customer in-store movement patterns

- Web-enabled POS systems, e-SCM systems, e-Procurement systems and warehouse management systems will enable food retailers in integrating the entire agri value chain leading to efficient procurement and supply chain management.

- Use of cutting edge analytics can bring insights into customer buying behavior with implications on store layout, pricing and promotions (Pankaj Gupta (2015)).

3.1.8 Supermarkets- Overview and History

A supermarket is a departmentalized self-service retail store offering a wide variety of food product such as meat, vegetable, dairy, and so forth, along with various house hold merchandise. It is larger in size and has a wider selection than traditional grocery store. Super markets are generally situated near residential areas for easy access and maximum sales, while supermarket offers convenience and variety to consumers, they have attracted significant criticism. As with so many advances, both technological and social, self-centered greed on the part of those in authority causes problems. For the supermarket to be beneficial to societies those owning and managing the stores must take responsibility to serve the whole purpose, social and environmental.

A supermarket, a form grocery store is a self-service store offering wide variety of food and house hold merchandise, organized in to departments. It is larger in size and wider selection than a traditional grocery store, also selling item typically found in a convenient store, but is smaller and more limited in the range of merchandised than a hyper market or big box store.

The traditional supermarket occupies large floor space on a single level and is situated near a residential area in order convenient to the consumers. Its basic appeal is the availability of a broad selection of goods under a single roof at relatively low prices. Other advantage include parking and extended shopping hours. Supermarkets are often part of a chain that owns or controls (sometimes by franchise) other supermarkets located in the same or other towns; this increases opportunities for economies of scale.

Most supermarkets are similar in design and layout due to trends in marketing. Produce tends to be near the entrance of the store. Milk, bread and other essential items may be located in the rare or other out pf the way places. This is purposely done to ensure maximum time spend in the store, strolling past other items and capitalizing on impulse buying. The front of the store is where one finds point of sale machines or cash registers. Many retailers have implemented self-check out devices in their stores in an attempt reduce labor costs. A group of four or five self-checked out machine can be supervised by single assistant.

To maintain a profit supermarket attempts to make up for the lower margins by a higher overall volume of sales and with the sale of higher margin items. Customers usually

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shop by placing their selected merchandise in to shopping cards (trolleys) or baskets and pay for the merchandise at the check out

At present many supermarket chains are attempting to further reduce labor cost by shifting to self-service check out machines, where a single employee can oversee a group of four or five machines at once, assisting multiple customers at a time.

A large full service supermarket combined with department store is sometime known as hypermarket may include those of banks, cafes, child care centers or crèches, photos processing, video rentals, pharmacies and petrol stations.

Supermarket usually offers products at low price by reducing margins. Certain products (typically) staples such as bread, milk, sugar) are often sold as loss leaders, that is with negative margins. To maintain a profit, supermarkets attempt to make up for low margin with sale of higher margin items. Customers usually shop by putting their products into shopping carts (trolleys) or baskets (self-service) and pay for the products at the checkout.

In the early days of retailing, all products generally were fetched by an assistant from shelves behind the merchant's counter while customers waited in front of the counter and indicated the items they wanted. Also, most foods and merchandise did not come in individually wrapped consumer-sized packages, so an assistant had to measure out and wrap the precise amount desired by the consumer. This also offered opportunities for social interaction: many regarded this style of shopping as "a social occasion" and would often "pause for conversations with the staff or other customers." These practices were by nature very labour-intensive and therefore also quite expensive. The shopping process was slow, as the number of customers who could be attended to at one time be limited by the number of staff employed in the store.

The concept of a self-service grocery store was developed by the American entrepreneur Clarence Saunders and his Piggly Wiggly stores. His first store opened in Memphis, Tennessee, in 1916. Saunders was awarded a number of patents for the ideas he incorporated into his stores. The stores were a financial success and Saunders began to offer franchises. The Great Atlantic and Pacific Tea Company (A&P) was another successful early grocery store chain in Canada and the United States, and became common in North American cities in the 1920s.

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The general trend in retail since then has been to stock shelves at night so that customers, the following day, can obtain their own goods and bring them to the front of the store to pay for them. Although there is a higher risk of shoplifting, the costs of appropriate security measures ideally will be outweighed by reduced labour costs. Early self-service grocery stores did not sell fresh meats or produce. Combination stores that sold perishable items were developed in the 1920s.

In the 1950s, supermarkets frequently issued trading stamps as incentives to customers. Today, most chains issue store-specific “membership cards,” “club cards,” or “loyalty cards”. These typically enable the card holder to receive special members-only discounts on certain items when the credit card-like device is scanned at check-out.

Traditional supermarkets in many countries face intense competition from discount retailers such as Wal-Mart, and Tesco in the UK, which typically are non-union and operate with better buying power. Other competition exists from warehouse clubs such as Costco that offer savings to customers buying in bulk quantities. Superstores, such as those operated by Wal-Mart and Asda, often offer a wide range of goods and services in addition to foods. The proliferation of such warehouse and superstores has contributed to the continuing disappearance of smaller, local grocery stores; increased dependence on the automobile; suburban sprawl because of the necessity for large floor space and increased vehicular traffic. Some critics consider the chains' common practice of selling loss leaders to be anti-competitive. They are also wary of the negotiating power that large, often multinational retailers have with suppliers around the world.

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space. India's retail market is expected to grow at a Compound Annual Growth Rate (CAGR) of 10 per cent to US\$ 1.6 trillion by 2026 from US\$ 641 billion in 2016. While the overall retail market is expected to grow at 12 per cent per annum, modern trade would expand twice as fast at 20 per cent per annum and traditional trade at 10 per cent.

The growth of Supermarkets of India in recent years has been quite heartening. With the economic liberalization and opening -up of Indian markets to foreign investments, the Indian economic growth was catapulted significantly. The Indian supermarkets mainly retail food items and household goods.

The Supermarkets in India offers other important items like garments, home furnishings, toiletries, consumer durables, electronics etc. other than food item. Although, India still lags way behind in organized retailing as per international standards but recent trends show that the scope for growth of organized retailing is very high. Further, the number of individual retailers is around 12 million in India, which is highest in the world. The Indian Retail sector contributes around 10 - 11% to Gross Domestic Product, amounting to around US \$ 180 billion. The growth of the Indian supermarkets can be attributed to the rising of the Indian service sector.

The hyper market typically comprises meat produce, dairy, fish, vegetables and baked goods. Departments along with shelf space reserved for canned and packaged goods. A variety of nonfood items such as household cleaners, pharmacy products and pet supplies also available. Most supermarkets also sell variety of other household products that are consumed regularly, such as alcohols were permitted, house hold cleaning products, medicines, cloth and some sell a wider range of nonfood products.

3.1.9 List of Top Ten Leading Supermarkets in India

1. Foodworld
2. HyperCity
3. D-Mart
4. Nilgiris
5. Apna Bazaar
6. Subhiksha
7. Spencers
8. Namdhari's Fresh
9. Triveni Supermarkets
10. Reliance fresh

3.1.10 Typical Supermarket Merchandise

Large super markets sell a great number of items among many brands, sizes and varieties including

1. Dairy
Milk, yogurt, cheese, butter etc.
2. Frozen Food
Cured, meat products, sausage etc.
3. Beverages/Drinks
4. Ready to eat
Bread, snacks, noodles etc.
5. Canned food items
Baby foods, canned fish, canned mushroom soup, baked beans etc.
6. Bakery
Desert items, breads, rolls, fried items, cookies, pies, muffins etc.
7. Chilled food
Dairy desert, ice creams, snacks, soups, pastas etc.
8. Fruits and veg
9. Consumer durables
Baby care products such as disposable diapers, cosmetics etc.
Book, household goods, electronics, sports equipment's, jewelry, medical equipment etc.
10. Groceries
Bulk dried foods such as legumes, flour, rice etc
11. Utensils
Kitchen utensils, eating utensils, tools, divine utensils etc.
12. Stationary
Books, newspapers, and magazines, including supermarket tabloids
13. Confections and candies
Sweets, lollipops, candy bars, cotton candy, caramels etc

3.1.11 Super Markets Offer the Following Advantages:

1. It saves time because customer will get everything at a one place with self-service. The supermarket typically comprises meat, fresh produce, and dairy, and baked goods aisles, along with shelf space reserved for canned and packaged goods as well as for various non-food items such as kitchenware, household cleaners, pharmacy products and pet supplies.
2. It provides perfect platform for comparison of the same product from different companies with complete information. The customer can compare the brands and take the best purchasing decision.
3. Multi brand department stores offer an intermediate solution with complete brand choice to the customer and spacious shop, which allows the 27 manufacturers to present his product appropriately. The various food products (meat, vegetables, dairy products, juices etc) are all properly displayed at their respective departments to catch the attention of the customers and for them to pick any merchandise depending on their choice and need.
4. Sometimes customer also get discount because multi brand stores go for bulk purchase and pass the earning of differences toward the customer. Supermarkets typically are supplied by the distribution centers of their parent companies, usually in the largest city in the area. Supermarkets usually offer products at relatively low prices by using their buying power to buy goods from manufacturers at lower prices than smaller stores can.

3.1.12 Challenges Faced by Super Market

Though theoretically, supermarket stores offer a number of reasons to purchase goods from supermarket instead of purchasing from traditional provision store. It will save the time, give a spacious purchasing experience, provide platform to get variety of goods, faultless and accurate computerized billing system etc. In spite of having all these benefits, supermarkets in India face the following problems.

1. Compared to the developed countries, super markets in India have a very low sales volume.

2. According to experts, the real boom in organized retailing will come once supermarkets starts selling daily need goods at 90% of the regular price that result into low sales turnover because of that there is very low gross margin, low net margin and very low turnover per sq. feet compare to unorganized sector in Indian and organized sector in foreign. The problem of Indian retailing is to source on credit and calls on cash. Yet, retail margins in India are lower than overseas. The large format players face high costs, especially in comparison with traditional retailers that pay very little rent for real estate.

3. Competition from unorganized retail shop. Unorganized retailing accounts for more than 90% of all retail trade in India. The unorganized retail sector consists of the traditional formats of retailing such as the local kirana shops, owner operated general stores, paan-beedi shops, convenience stores, handcart and pavement vendors, weekly haats, and bazaars.

3.2 COMPANY PROFILE

3.2.1 A Profile Preamble

ELITE, as a trade name, had etched for itself a place in the shopping agenda of the people of Central Kerala, ever since ELITE FABRICS lent new dimensions to textile trade in Kerala on its entry over fifty years ago. Since then, ELITE made forays into jeweler, sea foods, and hospitality one after the other. In due course, a stage was reached when a well-intentioned division was felt prudent for effective management, textiles and jeweler were directly under one founder and later in the course jewelry was parted with on grounds of expediency and intent to diversify into production.

It was at this stage that the next generation of the founder of this division, Sri. T. R. Raghavan, emerged to strengthen and accelerate the growth process visualized by him. The period 1980's to 1990's thus witnessed diversification on a large scale into ultramodern food processing, real estate, retail trade and licensed IMFL sectors. Here again, the last two constituted one division managed by T. R. Vijayakumar, besides being on the Board of the food processing division.

3.2.2 Elite supermarket.

The Retail Division formed in the above manner was established in April 1991, when the concept of "one-stop shopping" was new to the buying community, holding reservations on it on other Grounds as well. Therefore it took some time to drive home to them the advantages of quality, choose and buy option and comfortable convenience. Once the buyer resistance got removed, all sections of the community switched over to the Supermarket concept provided by ELITE.

On their part, the management also played their cards judiciously to win over and retain the growing population of buying community. Proactive modifications to rack positioning, increasing product ranges to meet customer demands increasing billing points are some among the many on continuous reviews. Floor space is on continuous monitoring to make it fully convenient and productive. Staff strength on floor increased to assist individual customers.

One major step in ensuring quality in trading and in management has been to bring the supermarket into ISO certification from 2008 with periodical audits to ensure compliance with norms. Recently, the certificate has been updated after detailed scrutiny to ISO 9001 2015.

3.2.3 History

Among the earliest of its type in Kerala, Elite Supermarket was started on April 4, 1991 when the concept was just emerging among the elite population of the city and majority trade was in traditional provision stores.

Elite Supermarket was established under the management of Shri T.R Vijayakumar, an engineering graduate himself and belonging to a leading business family owning the trade name of Elite in textiles, jeweler, food processing, marine exports, real estate. Upholding the Elite family legacy, the supermarket quickly made strides to become the foremost shopping centre for domestic needs not only for the Elite, but also for every sector of the purchasing community. Sensing the need to meet the increasing demands of our growing cities, we are currently overseeing expansion.

a) Focus

The prime focus of Elite Supermarket is to make our customer's retail experience quick, easy, productive as well as enjoyable. We realize the need to account for the changing



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needs of our customers as well as the need to make shopping swift and efficient. Our efforts to achieve our focuses are marked by our easy to shop layout of our stores, conveniently placed aisles stacked with all necessities to fulfill your day to day domestic needs and friendly store associates to assist you every step of the way to make your shopping experience memorable and easy.

b) Quality

At Elite supermarket we never compromise on quality. Elite supermarket is accredited by UKAS and ISOQAR to instill confidence in the quality of the products offered in our stores. Our endeavor to provide premium quality is a never-ending process and we make every possible effort to exceed the set standards in quality. We carefully evaluate each and every product sold at our stores.

c) Service

We are committed to provide the best in-class retail service. We consider our customers as the lifeblood of our establishment. We are dedicated to our customers and we serve them earnestly, efficiently and with flair.

d) Satisfaction

Customer satisfaction is our biggest achievement. We constantly challenge ourselves to improve our standards and try to exceed the expectations of our customers. We are dedicated to create loyalty, satisfied customers and ensuring that every concern is addressed.

e) Vision And Mission

“Our mission is to provide exceptional quality and service with 100% customer satisfaction.”

f) Quality Assurance

One major step in ensuring quality in trading and in management has been to bring the supermarket into ISO certification from 2008 with periodical audits to ensure compliance with norms. Recently, the certificate has been updated after detailed scrutiny to ISO 9001 2015.

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g) Noncommercial Participation

The management do not confine solely on maximizing profit. Much before the mandatory CSR came into force in companies, ELITE had themselves adopted some of them or even beyond, showing real concern for peripheral issues like gaps in spreading education social and other fields. One continuing area in this regard has been their policy of bringing nearer to the mainstream youngsters sidelined due to varying natures of deformities by employing them in the firm disregarding their productivity in return, instead of the usual practice of doling out money and keeping them where they are. This has proved to be a rewarding exercise.

In recent years, ELITE has been helping young aspirants pursuing M. B. A/B. B.M. and similar courses to complete their academic curriculum by offering facilities for project report and internship, a step widely appreciated.

h) Statutory Compliance

ELITE has always placed this on priority and by and large no serious violations have happened during the past 27 years.

i) The Road Ahead

The management is fully aware that they cannot rest on past laurels and growth charts, in the face of mounting competition from national giants like Reliance, Birla and Future group and recently from a locally acclaimed brand owner

Presently operating four outlets with an area of 37000 sft in total and another in the offing, the management is all geared up to strengthen these outlets further with more friendly infra and loyalty schemes to retain customers and attract more. Sourcing practices are getting further streamlined and gradually standardized on reliability cum economy tracking.

Management is strengthened with the induction of two young Directors who, with their academic accomplishing segments in related areas, will be able to infuse greater thrust to the task of tackling the competition and applying the knowledge acquired into

business. Along with this, the Supermarket is registered as a company under Companies Act, widening participation and capital base.

k) Action plan

The target for the next four years is summarized below;

- 1· Open five more outlets to take the existing annual turnover of Rs. 58 crores to around Rs. 100 crores.
- 2· By this, the direct commercial tax contribution will be Rs 6 cr. (assuming GST liability will not change overall)

3.2.4 Departments

1) Fruits and Vegetables

Elite offers benefit from consuming more fruits and vegetables which are filled with essential nutrients, vitamins, anti-oxidants, phytonutrients, fiber etc. which are necessary for health and wellbeing. Elite provide selection from a wide variety of organic, fresh as well as imported fruits and vegetables.

They are truly unique in selection of organic produce coming from Elite’s own polyhouse farm. They also support our local farm community by sourcing home grown fruits and vegetables in to their stores.

2) Bakery

Freshly prepared and daily available in elite bakery are scrumptious food items such as sweets, savory dishes, desserts, fully cooked meals, pastries etc. Bakery offers freshly made tea and coffee. Elite satisfies our sweet tooth cravings with some jalebis or some other decadent Indian sweets which are freshly made and readily available in our bakery department.

3) Grocery

Walk through grocery aisles to find packaged food items, snacks, traditional spices, staple grains, confectionaries, baking and cooking essentials, dried fruits, nuts, dairy

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products, condiments, canned food items, beverages, house cleaning supplies, laundry detergents, kitchenware etc. to satisfy all domestic and household needs.

4) Elite Brand

Elite offers their own line of products. In-house products includes lentils, pulses, flours, grams etc. that are exclusively handpicked and packaged with pristine precision to ensures top notch quality with respect to taste, nutrition and appearance. They offers the finest of the freshly baked breads and cakes, hearty and nutritious instant breakfast items that are free from any preservatives or adulterants. The Elite line they claim is an essential add on for healthy lifestyle.

5) Meat and Seafood

Elite also offers the freshest selection of poultry, beef, mutton & pork as well as a wide selection of branded frozen meat and seafood. The butcher will cut the fresh meat or seafood to customer's liking and convenience.

6) Personal Care and Cosmetics

Elite supermarket offers a wide range of toiletries which are integral to daily lifestyle such as body wash, hand wash, colognes, hair products, oral hygiene, hair accessories as well as branded cosmetics to groom oneself to flawlessness.

7) Electronics

At Elite, we offer a wide variety of electronic accessories to satisfy customers tech needs. The products are HDMI cables, iPhone case, lap case etc.

8) Pet Food and Accessories

Elite offers pet food pets with selection of dog food, cat food, pet care essentials including pet grooming accessories, toys, leashes, collars etc.

9) Stationary, Periodicals and Magazines

Elite offers basic school and office supplies such as books, pencils, pens ,periodicals and magazines and offers selection of music CD's and movie DVD's.

10) Jewellery

Elite adds a wide variety of jewellery collections to the department. They offers a wide variety of necklace, traditional bangles and earrings.

11) Kitchenware

At Elite, customers will find just the right kitchenware that a MasterChef cannot do without. They offers a wide variety of pots, pans, pressure cookers to blenders to knives of all shapes and sizes and everything else your kitchen needs.

12) Toys

Elite offer a huge selection of toys to bring out the sparkle in kids eyes.

3.2.5 Perishable Food Sector

The perishable food sector is handled by the General Manager of elite super market, who exclusively deals with the suppliers of perishable food products. Purchasing order is released by the purchasing manager. The Store Manager has to manage entire Store Operation and drive Sales, manage Profit and Loss, Customer Service and Delivery, Motivating Store Staff and adherence to statutory, company policy and procedures, reduce dump and shrinkage. General Manager has to manage the order processes of the farm produces from the suppliers. Supervisor looks after the processes of collection of the produces, their grading and alignment of the produces. Accountant manages the billing processes.

The perishable food products are collected by the suppliers of elite supermarket directly or indirectly from different sources. They are submitted to Collection Centers (CC). Payment and primary quality checks are done in collection centers. Primary

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Processing/Collection Centers (Multi-Purpose AgriService Centers) consisting of the Production of fruits and vegetables including other high value crops need well-structured infrastructure and integrated market for their quick post-harvest handling and sales transactions to avoid losses and reduce marketing costs. The production of these crops is confined to different areas by small and marginal farmers. The produce is being sold in different wholesale markets where perishables are also traded. It is necessary to develop collection centers nearer to the farmer's field with proper infrastructure of grading, sorting, packing and transport.

The pricing decision takes place at the distribution centers. For the F&V and other perishable food products, the pricing is decided based on the cost of purchase at the market. The pricing of the other products is decided by the company's sourcing team. From CC they are transferred to Distribution Centers (DC) via elites own logistical units. The distribution center receives the products and does a thorough quality check. They prepare the vegetables for the retail stores and also ship the vegetables depending on the requirement for each store.

Fig -3.2 Participants Involved in the Procurement Process

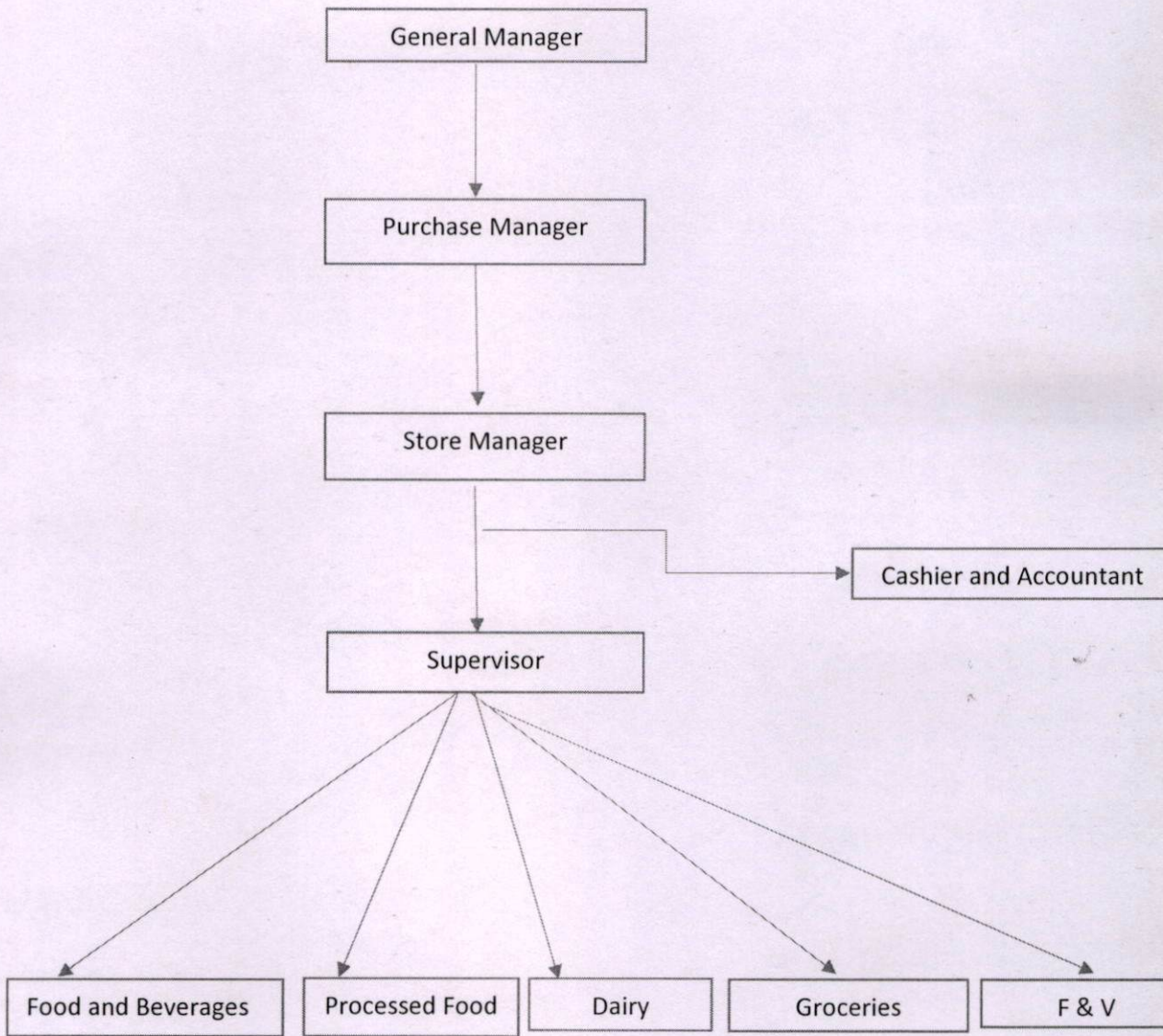
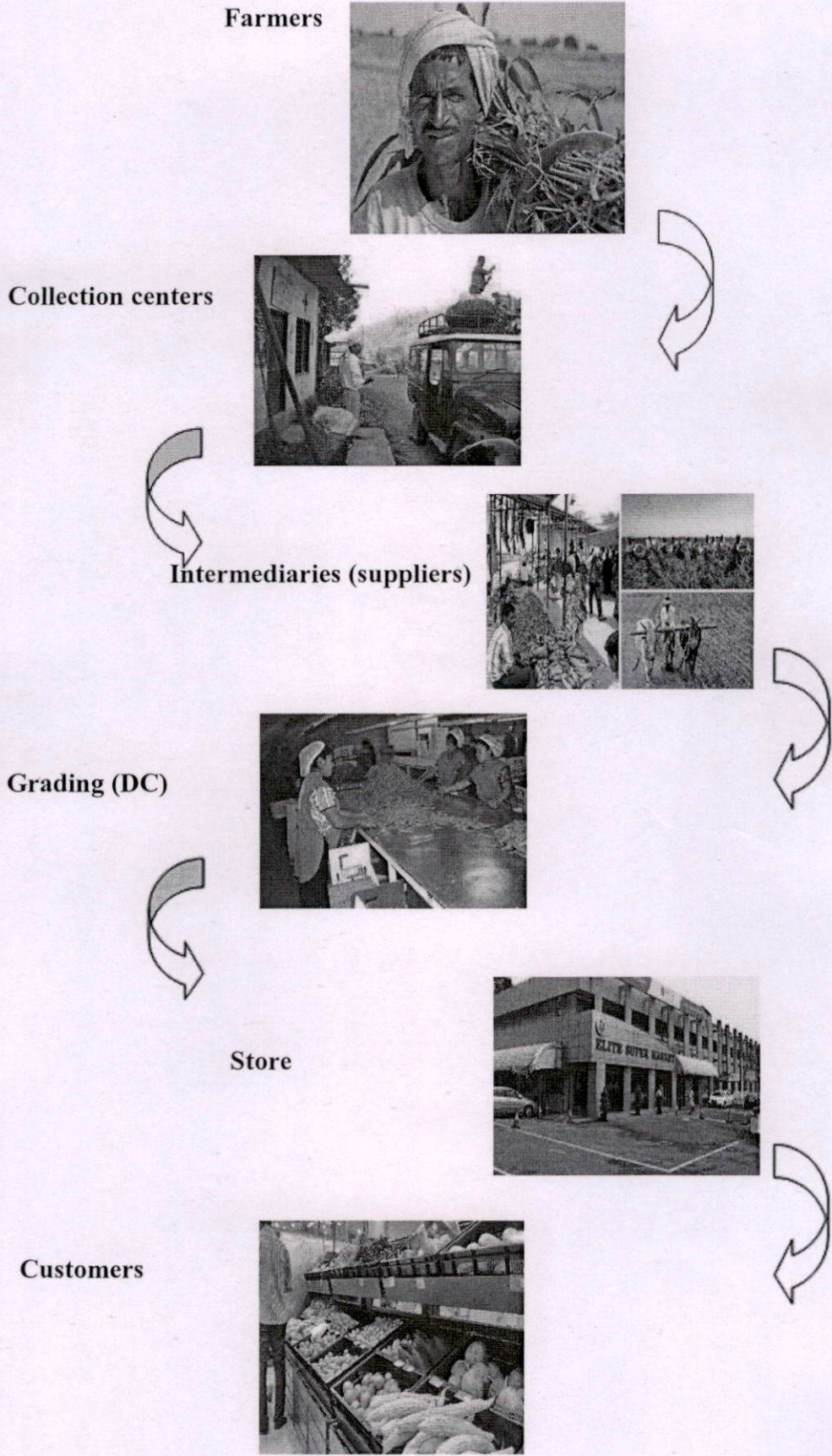


Fig: 3.3 Supply Chain Process



3.2.6 Supply Chain in Food Industry

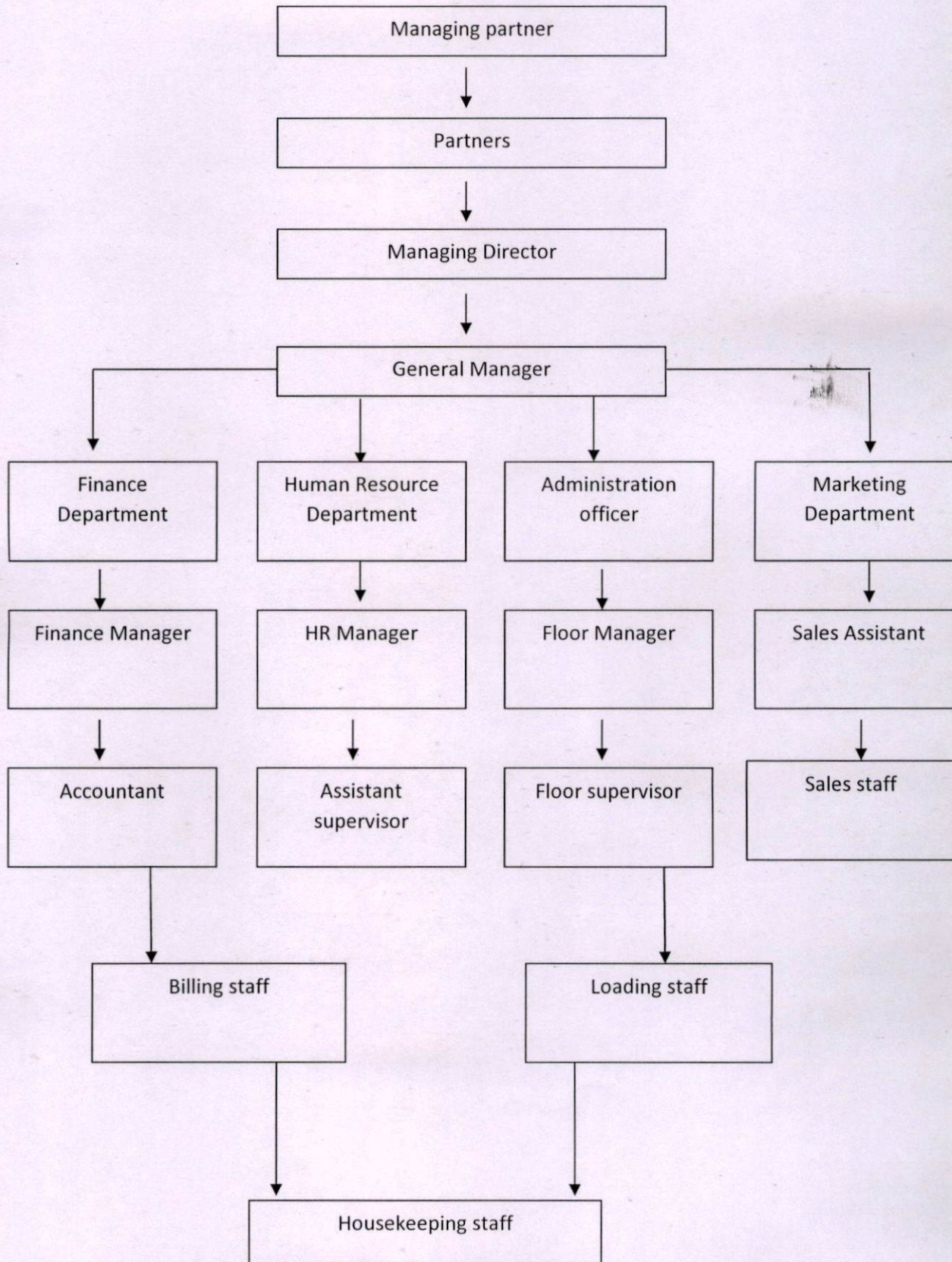
As we have already seen supply chain is a Channel of facilities and distribution options that performs the functions of procurement of materials, transformation of these materials into intermediate and finished products, and the distribution of these finished products to customers. Supply chains exist in both service and manufacturing organizations, although the complexity of the chain may vary greatly from industry to industry and firm to firm.

The supply chain processes are the following,

- a. Customer service management
- b. Procurement
- c. Product development and commercialization
- d. Manufacturing flow management/support
- e. Physical distribution
- f. Outsourcing/partnerships
- g. Performance measurement
- h. Warehousing management

3.2.7 Organizational Chart

Fig-3.4 Organizational Chart of Elite Super Market



Source: elite super market

The above organizational chart indicates the structure of management of elite super market Thrissur.

3.2.8 Food Supply Chain

The typical food supply chain starts with the farm supplier, farmer, marketer, processor, distributor/ wholesaler, retailer and consumer. Food supply chain differs based on the nature of the food products, market, industry, country, etc. It is a tough task to implement the supply chain management solution in the food industry. Since the food product lifecycle is very short, the food industry needs an efficient food supply chain to reach the customer on time and it also requires adequate cold chain infrastructure. Cold chain plays a very important role in achieving an efficient food supply chain.

Elite supermarket procure fresh perishable food products from the suppliers. The effort of elite supermarket to deliver value to the customer. Even if the number of suppliers are very low they hard to maintain the quality of food products. Elite retail hopes to improve the supply chain and waste. Still, there was a general concern in the industry about the possibility of steady and high quality supply of vegetables and other perishable food items.

3.2.9 Importance of Supply Chain and Logistics Management

One of the most important challenge in organized retail in India is faced by poor supply chain and logistics management. The supply chain management is the logistics aspect of a value delivery chain. Logistics is the total process of planning, implementing and coordinating the physical movement of merchandise from manufacturer to retailer to customer in the timeliest, effective and cost efficient manner possible. Logistics includes order processing and fulfillment, transportation, warehousing, customer service and inventory management as interdependent functions in the value delivery chain. The primary objective of supply chain management is to fulfill customer demands through the most efficient use of resources, including distribution capacity, inventory and labor. It oversees inventory management decisions as items travel through a retail supply chain. If a logistics system works well, the retail firm reduces stock outs, hold down inventories and improve customer service – all at the same time. In India, about 60 percent of food quality is lost in the supply chain from the farm to

the final consumer. As supply chain Management involves procuring the right inputs (raw materials, components and capital equipment's); converting them efficiently into finished products and dispatching them to the final destinations; there is a need to study as to how the company's suppliers obtain their inputs. The supply Channel consists mainly of Central Processing Centers (CPCs) and Distribution Centers (DCs). While, CPCs process fresh products like fruits & vegetables (F&V) received from collection centers, DCs distribute them along with other directly procured FMCG products to various stores. The distribution centers do the work of assorting the products, bar-coding them, keeping the stock records and also transporting them to the respective stores while keeping the track of demand and supply pattern at that end.

3.2.10 Procurement of perishable food products

Elite supermarket is the retail buyer of perishable food products in Kerala. The perishable food products are collected by the suppliers of elite supermarket directly or indirectly from different sources. They are brought to the Collection Centers (CC). Payment and primary quality checks are done at collection centers. The pricing decision takes place at the distribution centers. For the F&V and other perishable food products, the pricing is decided based on the cost of purchase at the market. So the price of F&V is highly fluctuating and is vulnerable to the market price fluctuation.

Elite procures different products from different vendors depending upon two main factors- quality and price.

Elite supermarket is the emerging retail industry in the country which sells fresh fruits and vegetables and groceries. Elite supermarket retail helps the growth of food retailing in India. Elite supermarket owes to customers with high quality produce that has better shelf life and more consistent quality than was available earlier.

Analysis on Procurement and Distribution

Channel of Elite Supermarket

Chapter-4

Analysis on Procurement and Distribution Channel of Elite Supermarket

4.1 Introduction

The value chain or the supply chain management in retail food industry starts from the procurement and ends with the distribution process to the ultimate consumers. Hence in a supply chain, the suppliers and distributors play an important role. The study mainly focused on the procurement and distribution Channel of Elite Supermarket in the Thrissur district.

The perishable food products are collected by the suppliers of Elite supermarket directly or indirectly from different sources. They are submitted to Collection Centers (CC). From where the payment and primary quality checks are done. But the pricing decision takes place at the distribution centers. For the fruits and vegetables, the pricing is decided based on the cost of purchase at the market. The pricing of the other products is decided by the company's sourcing team. From CC they are transferred to Distribution Centers (DC) via elites own logistical units. Again a through quality check is of F&V received at CC is done at the DC. They prepare the perishable food products for the retail stores and also ship the products depending on the requirement for each store. Considering the growth potential of Elite Supermarket Company, it was proposed to conduct a study and of.

A. Description of the Sample Supplier Respondents

The value chain of retail food industry starts from the Suppliers. The data was collected from the suppliers with the help of a structured questionnaire, which included the personal information about the suppliers, their socio-economic characteristics, procurement, and their opinion about Elite supermarket etc. nine suppliers were interviewed for the purpose of the study.

Table: 4.1 Socio-Economic Background of Respondents

In order to study the first objective, the procurement pattern of Elite supermarket, whole suppliers of perishable food products of Elite supermarket were analyzed. This classification reveals the age of the respondents, their educational information, and their

primary occupation. The preference of suppliers towards Elite supermarket varies supplier to other. The variables in response may be attributed to the diverse socio economic condition of respondent

Particulars	Classification	No.of Respondent	Per cent
Age(year)	<30	-	-
	31-40	3	33
	41-50	5	56
	Above 50	1	11
Education	Illiterate	-	-
	SSLC	-	-
	HSC	1	11
	Degree	6	67
	PG	2	22
Occupation	Agriculture	1	11
	Animal Husbandry	2	22
	Traders	6	67
	Others	1	11

Source: primary data

The table 4.1 shows the socio economic background of respondents. Out of the total respondents 33 per cent were belongs to the age group of 31-40 years. It shows that the youth were not significantly involved in the Agricultural production trade and marketing.56 per cent of respondents come under the age group of 41-50 years and 11 per cent respondent belongs to the age group of above 50.

The educational status of respondents shows that, the study found six graduates, two Post Graduates among the total sample respondent. Only 11 per cent of the respondent who have qualified with HSE.

Occupation pattern of the sample respondent shows that among the total respondents 11 per cent of Suppliers were doing agriculture as their primary occupation. Animal Husbandry was the primary occupation of two respondents. It should be noted that for 33 per cent of total respondents either agriculture or animal husbandry was their primary occupation. Among the respondent 67 per cent is engaged in trade and small business including employees of co-operative firms, Government.

Table 4.2 Source of Perishable Food Products

SI. No	Source of food products	No. of respondents
1	Own farm	2(22)
2	From Agri-farm	6 (67)
3	Others	4 (44)

Source: primary data

The table 4.2 shows the source of perishable food products. Only 22 per cent of the respondent who use their own farm as their source of food products. The respondents were found to procure the perishable food products mainly from other agri-farm (67 per cent) to meet the requirement of outlets. Only 44 per cent of the respondents who categorized as others; including the once either procuring the food products from other traders or co-suppliers.

Table 4.3 Suppliers opinion on the Price Paid by the Elite supermarket

SI no	Statement	Percent response
1	Higher than the market price	2 (22)
2	Equal to the market price	7 (78)
3	Lower than the market price	0
Total		9 (100)

Source: primary data

The table 4.3 shows the Suppliers opinion regarding the price paid by the Elite Supermarket. 22 per cent of respondents had the opinion that the price paid by the Elite Supermarket is higher than the local marketing. 78 per cent of respondents were agreed with the statement of the price paid by the Elite Supermarket is equal to the market price.

Mode of Payment by Elite Supermarket

Suppliers are paid for their produce when they bring it for sale in the Elite Supermarket. They were paid with reasonable price which make the Suppliers to continue with Elite Supermarket. The Elite Supermarket follows a cash payment system to the suppliers.

Quality Assurance by Suppliers

Only after the grading process, Elite Supermarket procures produces from the Suppliers. This is due to ensure quality products to the customers. Hence, Suppliers bring only the fresh quality products to the Elite Supermarket. Elite Supermarket returns back the damaged and substandard products to the Suppliers. The suppliers use to sell the rejected product to the local market or just discarded them as waste.

Table 4.4 Preference of Suppliers to Elite Supermarket

SI. No	Reasons	Total score	Rank
1	Time saving	20	7
2	Convenient location	37	4
3	Weight	32	5
4	Better Price	42	3
5	Better service	45	2
6	Quality	49	1
7	Market information System	27	6

Source: primary data

The table 4.4 shows the reasons for preferring the Elite Supermarket. From the respondent's opinion there were many reasons to prefer the Elite Supermarket. Quality

was the most important criteria is considered by every respondent for choosing Elite Supermarket to sell their produces. All respondents have agreed to this reason. Better services are other considerable reason by the Suppliers with 45 score and positioned with second rank. Better price as third rank with a total score of 42. The respondents expressed convenient location as a fourth important reason to prefer Elite Supermarket. For preferring Elite Supermarket market information system, weight and measurement, and time saving were also the reasons.

Table 4.5 Approach of Elite Employees towards Suppliers

Sl.no	Grade	No.of respondent
1	Good	6(67)
2	Average	3(33)
2	Poor	0
Total		9(100)

Source: primary data

From the above table (4.5) it could be noted that among the total respondents (67 per cent) were satisfied with the approach of elite employees and rated as good.33 per cent of the respondent rated the employees approach as average. This shows that a good performance of CRM strategies of elite supermarket in all aspects.

Table 4.6 SRM of Elite Supermarket

Sl no	Statement	SA	A	NO	D	SD	Total score	Index	Ran k
1	Are you satisfied with the rules and regulation followed by	-	5	1	1	2	27	5.4	6
2	Elite supermarket procurement location is convenient	5	1	1	2	-	34	6.8	4
3	Elite supermarket working days and time of trading are	3	6	-	-	-	39	7.8	2

4	Elite supermarket weights and measures are accurate	3	6	-	-	-	39	7.8	2
5	Marketing cost are less in elite supermarket compared to the		5	3	1	-	31	6.2	5
6	Elite Supermarket ensure timely payment of sales	2	7	-	-	-	38	7.6	3
7	Elite Supermarket follows a grading system that ensure	4	5	-	-	-	40	8	1
8	I like to continue with Elite Supermarket	4	5	-	-	-	40	8	1
9	Elite Supermarket provides good services to the suppliers	3	6	-	-	-	39	7.8	2
Total							327	81	

Source: primary data

The satisfaction of suppliers is proved in table 4.6. Nine questions were posed to the suppliers to respond in a five point continuum. A maximum score of five for strong agreement and 1 for strong disagreement was given. The index was calculated and ranks were given. The composite index was also calculated to understand the overall satisfaction level of respondents.

The formula used is

$$= \frac{\text{Total score for each variable}}{\text{Maximum score}} * 100$$

$$\sum \frac{X}{M} * N * S$$

$\sum X$ = Sum of the total scores of all variables

M = Maximum score

N = Number of respondents

S = Number of variables

It could be concluded that that Elite Supermarket grading system and interest to continue 'stood first with 8 index which is considered as very good. The working days,

weight and measures and good services to the respondents 'stood second with total score of 39 each and the index was 7.8 each, which considered as very good.

Timely payment of sales proceeds to the Suppliers is another positive of Elite supermarket agreed up only to 22 per cent of respondents, agreeable to 78 per cent of respondents respond to this statement. Total score is 38 and the index is 7.6, which scored 3rd rank.

The procurement location was strongly agreeable to 56 per cent of respondents and agreeable to 11 per cent of respondent to this statement. The index was 6.8 and it scored rank 4.

The marketing cost is less as compared to the other market is the statement which is, agreeable to 56 per cent of respondents, 33 per cent of respondents have not responded and 11 per cent of respondents disagreed with this statement. The index number secured was 6.2 and rank is 5.

This is followed by the statement rules and regulations followed by the Elite Supermarket which got 6th position and agreeable to 56 per cent of respondents, disagreeable for 11 per cent of respondents and 11 per cent of respondents had no opinion for this statement.

We could infer from the analysis that majority of the respondents were satisfied with the grading system of Elite Supermarket. But the satisfaction level is low with respect to the marketing costs compared with other markets and rules and regulations followed by the Elite Supermarket.

B. Description of sample customer respondents

The value chain of retail food industry ends with customers. The data from such customers was collected by administering a structured questionnaire. The total number of respondents is 60. The questionnaire included the socio economic profile, their shopping pattern, their preferences for purchase etc.

Table 4.7 Socio-Economic Profile of Respondent

Socio-economic characteristics of the respondents were analyzed based on indicators such as age; monthly income, education qualification etc. are depicted in the tables

below. The socioeconomic characteristics of the respondents were analyzed to have a clear picture about the respondent's basic background.

Particulars	Classification	No.of Respondent	Per cent
Age	21-30	13	22
	31-40	17	28
	41-50	21	35
	50 above	9	15
Gender	Male	15	25
	Female	45	75
Education qualification	Matriculation	19	32
	Plus two	11	18
	Degree	25	42
	PG	5	8
Monthly income	<10000	23	38
	10000-20000	25	42
	20000-30000	11	18
	>30000	1	2
Occupation	Self employed	19	32
	Wage employed	21	35
	Un employed	20	33

Source: Primary data.

Classification of respondents based on the gender showed that 75 per cent is female and 25 present is male respondent.

Classification of respondents based on age shows that 35 per cent of the respondents belonged to the age group of 41- 50 years. 28 per cent of the respondent belonged to 31 – 40 year. The least age group is 50 above with 15 per cent.

The monthly income wise classifications 42 per cent of the respondents ranged between ₹ 10000- ₹ 20000 and 38 per cent of the respondents have an monthly income less than ₹ 10000, 18 per cent of the respondent have a monthly income between ₹ 20000- ₹30000 and 2 per cent of the respondents have an monthly income of more than ₹ 30000.

In which 32 per cent of the respondents are having the qualification of matriculation, 42 present of the respondents are having the qualification of graduation or degree, 18 per cent of the respondents are having the qualification of higher secondary or plus two and 8 per cent of the respondents who having post graduate qualification.

In the survey of economic status, 100 per cent of the respondents are belonged to APL. In the survey of employment 35 per cent of the respondents are wages employed people. The percentage of unemployed respondents is 33 per cent and the percentage of self-employed respondents is 32 per cent.

Table: 4.8 Place of Residence

sl.no	Place of Residence	Gender		Total
		Male	Female	
1	Rural	2(3)	5(8)	7(11)
2	Urban	13(22)	40(67)	53(89)
Total		15(25)	45(75)	60(100)

The above table (4.8) reveals that the place of the residence of respondent. Out of the total respondent, 11 per cent of respondent belonged to the rural area and 89 per cent of respondent were in urban area. The study observed that urban women were visiting elite supermarket than rural women.

Table 4.9 Regular Customer of Elite perishable

Customers have different choosing ability while purchasing products. It is important to understand the number of respondents who are regular customers of elite super market.

Customer	Frequency	Per cent
Yes	20	33
No	40	67
Total	60	100

Source: primary data

Customers have different choosing ability while purchasing products. Table 4.9 shows the regular customer classification of respondent based on the purchase of elite's perishable food products. In the survey 33 per cent of the respondents are the regular customer of elite super market. The percentage of the non-regular customer respondent is 67 per cent. Major part of the respondents according to our sample design is the regular customer of elite supermarket.

Table 4.10 List of Products Used by Respondents

Elite supermarket has variety of product category. The table given below shows the customer preference towards the products as offered by elite super market. It is analyzing because we have to know the types of products used by the customers and which are mostly purchased and which are less used.

Products	Products	Per cent
Vegetable	33	55
Fish	15	25
Fruit	28	47
Meat	12	20
Bakery	8	13

Frozen food item	20	33
Others	42	70

Source: Primary data

The list of elite supermarkets Products used by the respondents is presented in table 4.10. From the above table it is notable that among the perishable products as offered by elite supermarket vegetable and other products (like groceries, consumer durables, and cosmetics etc...) are the most moving products with 55 per cent and 70 per cent of the respondents are using the other categories of product. The least preferred products are meat and bakery with 20 and 13 per cent respectively.

Table 4.11 Reasons for Preferring the Elite Supermarket

Customers have various reasons for using a particular product. The reason for using elite supermarket product is analyzed on the basis of quality, quantity, price, availability and freshness. It is important to identify the various reasons which stimulate the customers to purchase elite perishable food products.

Reason	Score	Rank
Quality	278	1
Quantity	110	5
Price	142	4
Availability	155	3
Freshness	203	2

Source: Primary data

Among the various reasons observed from the above table 4.11 qualities as ranked as 1st by the respondent. Convenience was ranked 2nd in the customer preference towards reason, followed by availability (3 %), price (4%) and quantity (5%) respectively. As a co-operative firm the people normally expect competitive price. But unfortunately

those factors received low rank and warrant more attention from the part of Elite Supermarket.

Table 4.12 Customer's Relations in Years

How long they are purchasing from elite supermarket plays an important role because it tells that how far they know and purchase the elites perishable food products.

Year	Frequency	Per cent
>1 YR	28	47
1YR-2YR	20	33
2YR-3YR	11	18
>3YR	1	2
Total	60	100

Source: Primary data

Table 4.12 depicts the customer's relationship with Elite Supermarket. The study took 1-3 years period. It could be inferred that one out of 60 respondents were shopping in the Elite Supermarket for more than 3 years. 18 per cent of customers maintaining their relationship for 2-3 years, and 33 per cent for 1-2 years respectively.

Table 4.13 Shift to a New Retail Outlet

Customers who are wish to shift or change their present purchasing location means that the current performance of the respective retail outlet is satisfactory or not.so it is necessary to study the shift of customers from one retail to another.

Shift	Frequency	Per cent
No	38	63
Yes	22	37
Total	60	100.0

Source: Primary data

Table 4.13 shows that 63 per cent of the respondent are don't wish to shift to a new retail outlet and 37 per cent are wish to change.it clearly depicts that the customer retention strategy of Elite supermarket is poor in performance.

Table 4.14 Reason for Shift

This analysis will help to identify the strategic limitation of the elite supermarket and can be improved.

Reason	Frequency	Per cent
Poor quality	-	-
High price	12	54
Non availability	3	14
Unawareness	7	32
Poor services	-	-

Source: Primary data

Table no 4.14 depicts the reason for shift to a new retail outlet. Among the various reason or factors, respondent identify the higher price as a reason for shifting more than any other reason which is 54 per cent.32 per cent of the respondent who are wish to new outlet because of unawareness as a reason. None of the respondent has different opinion on the quality and services provided by the elite supermarket.

Table 4.15 Frequency of Shopping

The purchasing pattern of respondent is varying person to person the analysis of the purchasing helps us to identify the more frequently selling brand and its level.

Product	Never	Weekly	Fortnightly	Monthly	Rarely
Vegetable	12(20)	12(20)	22(36)	7(12)	7(12)
Fish	28(47)	6(10)	8(13)	7(12)	11(18)
Meat	24(40)	9(15)	6(10)	8(13)	13(22)

Fruit	9(15)	6(10)	11(18)	13(22)	21(35)
Frozen food item	36(60)	0	8(13)	14(23)	2(3)
Bakery	33(55)	9(15)	0	3(5)	15(25)

Source: Primary data

The frequency of shopping differs from one customer to another. The table 4.15 reveals that, out of the total respondent, only 20 per cent of the respondent has agreed that they were buying the vegetables weekly. 47 per cent of the respondent they never used to purchase fish. Respondent prefer meat and fruit rarely at a per cent 22 and 35 respectively. None of the respondent preferring frozen food items and bakery in weekly and fortnightly. It should be noted that the majority of respondent were non-regular and it would be the challenge for elite supermarket to forecast the demand.

Table 4.16 Preferences for Purchase

Category	Frequency	Per cent
Elite	27	45
Big bazar	30	50
Local vendors	19	32
Others	10	17

Source: Primary data

The table 4.16 shows the respondent's preference for purchase of perishable food products from different sources. The study found that only 45 per cent of respondents prefer to purchase perishable food products from elite super markets. Among the given players namely Big Bazaar and Elite Supermarket, local vendors and other outlets, Elite Supermarket and big bazar stands forth. However, 32 per cent of respondents prefer to purchase their perishable food products from local market and vendors. However, it could be inferred that the Elite Supermarket and Big Bazaar has come in to picture very recently has made a remarkable positioning.

Table 4.17 Products Purchase Pattern of Respondent

Product	Frequency	Per cent
Vegetable	43	72
Fish	14	23
Meat	38	63
Fruit	16	27
Frozen food item	33	55
Bakery	27	45

Source: Primary data

Table 4.17 reveals that the purchase of different perishable products by the respondent, based on their preference of retail outlets the purchasing pattern of different products are shown in the Table 4.16. Among the products vegetable is the most preferred perishable product with a per cent of 72. The least preferred products are fruits and fish with a per cent of 27 and 23 respectively.

Table 4.18 Purchase of Organic Products at Premium Prices

Category	frequency	Per cent
No	28	47
Yes	32	53
Total	60	100

Source: Primary data

Table 4.18 shows the customers preference towards the organic products. 53 per cent of the respondent are ready to purchase organic product at a premium price. 47 per cent of the respondents are not willing to purchase the organic product at a premium price. This inference shows that customers are health conscious.

Table 4.19 Customer's Willingness to Pay Premium Price to Organic Products

Price	Frequency	Per cent
>10%	29	91
>20%	3	9
Total	32	100

Source: Primary data

As mentioned in the table (4.18), 53 per cent of the respondents were ready to purchase the organic product at premium price. Based on the above information the preferred price of organic product is analyzed in the Table 4.19. As per the information given by the respondent 91 per cent are preferred to purchase organic product at >10% of premium price, then the ordinary product that they purchase. Only 9 per cent of respondent are preferring >20%.

Table 4.20 Influences of Advertisement and Promotion on Shopping Decision

Category	Frequency	Per cent
No	25	42
Yes	35	58
Total	60	100

Source: Primary data

Table 4.20 states the influences of advertisement promotion activities for shopping decision. 58 per cent of respondents have agreed the promotion and advertisement influenced their shopping decision. 42 per cent of respondents have opined that the advertisement made no impact. It implies that the corporate firm should identify appropriate advertisement to attract the customers.

Table 4.21 Availability of Products on time

Category	Frequency	Per cent
No	8	13
Yes	52	87
Total	60	100

Source: Primary data

The above table 4.21 reveals that the availability of products on time. 87 per cent of respondents have stated that they were getting the products what they need. 13 per cent of total respondents expressed that they were not getting products of their interest at all time. It indicates a need assessment survey.

Table: 4.22 Drawback on Elite’s Perishable Products

Drawback	Frequency	Per cent
Lack of promotion	44	73
Poor After sale services	-	-
Non Availability	8	13
High Price	39	65

Source: Primary data

Table 4.22 depicts the drawbacks that found in the Elites perishable food products. From the listed drawbacks, 73 per cent of the respondent reveals that lack of promotion is there in elite perishable products and 65 per cent said that products are of high prices and none of the respondent said that after sale services as a drawback.

Table 4.23 Purchase Decision

Decision taker	Frequency	Per cent
Wife	36	60.0

Husband	18	30.0
Grandparents	2	3.3
Children's	4	6.7
Total	60	100.0

Source: Primary data

The purchasing decision maker in each family or group is different. So this will have immense influence on the formulation of promotional strategy as well. The above table 4.23 shows that, in a family 60 per cent decision regarding purchasing was taken by wives. 30 per cent of the decision is taken by husbands. The survey shows that grandparents play a very little role in the decision making regarding the purchase.

Table 4.24 Factors Influencing Purchase Decision

Factors	Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Total score	Rank
Affordable Price	11(18)	31(52)	18(30)	-	-	233	4
Superior Quality	56(93)	3(5)	1(2)	-	-	295	1
Good Package	6(10)	37(62)	14(23)	3 (5)	-	226	5
Convenient packets	12(20)	37(62)	11(18)	-	-	241	2
Friends and relatives	8(13)	19 (32)	10 (17)	21 (35)	2 (3)	190	7
Offers and schemes	17 (28)	12 (20)	6 (10)	18 (30)	7 (2)	194	6
Advertisement	21 (35)	19 (32)	17 (28)	3 (5)	-	238	3

Source: Primary data

The respondents were asked to indicate their choice of the various factors in a five point continuum of strongly agree, agree, not sure, disagree and strongly disagree. Influential

factors 93 per cent rated quality (295) as a most influencing factor followed by convenient packets (241) agreeable by 62 per cent. The least influencing factors is friends and relatives.

Table 4.25 CRM of Elite Supermarket

Customer Relationship Management (CRM) is a term that refers to practices, strategies and technologies that firm uses to manage and analyze customer interaction and data throughout the customer lifecycle, with the goal of improving business relationships with customers, assisting in customer retention and driving sales growth. CRM system are deigned to compile information on customer across different channels or points of contact between the customer and the firms. CRM system can also give customer facing staff detailed information on customer's personal information, purchase history, buying preferences and concerns.

For the study, CRM of elite supermarket is analyzed through different aspects such as customer's social background (Table: 4.7), their purchase pattern (Table: 4.15), buying behavior and the satisfaction level respectively (Table: 4.17 and 4.25).

S	Particulars	SA	A		NO	D	SD	Tota	index	ran
l								l		k
n								scor		
o								e		
1	Price of the product is low	-	11(18)		21(35)	10(17)	18(30)	145	29	10
2	Quality of the product is good	42(70)	17(28)		1(2)	-	-	281	56.2	3
3	Sales staffs are helpful	6(10)	35(58)		19(32)	-	-	227	45.4	9
4	A wide variety of products are offended	24(40)	28(47)		5(8)	3(5)	-	253	50.6	7
5	Working days are convenient	46(77)	14(23)		-	-	-	286	57.2	2

6	Weights and measures are convenient	56(93)	3(5)		1(2)	-	-	295	59	1
7	Billing is correct	4(7)	56(93)		-	-	-	244	48.8	8
8	Products are properly packed and delivered	26(43)	33(55)		1(2)	-	-	265	53	5
9	Damaged and defective goods are replaced without any hassle	30(50)	13(22)		17(28)	-	-	253	50.6	6
10	The store is located at a convenient place	42(70)	10(17)		8(13)	-	-	274	54.8	4
Total								2523	84	

Source: Primary data

The satisfaction of customers towards Elite supermarket presented in table 4.25. Ten questions were pose to the customers to respond in a five-point continuum. A maximum score of five for strong agreement and one for strong disagreement was given. The index was and calculated and ranks were given. The composite index was also calculated to understand the overall satisfaction of respondent.

The formula used is;

$$= \text{Total score for each variable} / \text{Maximum score} * 100$$

$$\sum X / M * N * S$$

$\sum X$ = Sum of the total scores of all variables

M = Maximum score

N = Number of respondents

S = Number of variables

The statement Weights and measures are correct in Elite Supermarket 'stood first with the index 59, which considered as very good. The other statement which related to Elite Supermarket is billing is correct. This is strongly agreeable to 7 per cent of respondents and agreeable to 93 per cent of respondents. 48.8 is the index for this statement with rank 8.

Quality of the product is strongly agreeable to 70 per cent of respondents and agreeable to 28 per cent of respondents. 281 are the total score and the 56.2 is the index. 3rd is the rank for this statement.

Working days of the Elite Supermarket is convenient for the customers. This statement is strongly agreeable to 77 per cent of respondents and agreeable to 23 per cent of respondents. The index is 57.2. This statement scored rank 2.

The store is located in the convenient place is strongly agreed by 70 per cent of respondents and agreed by 17 per cent of respondents. Total score for this statement is 274 and 54.8 is the index. 4 is the rank for this statement.

The other point regarding Elite Supermarket is damaged goods are replaced by them; this statement is strongly agreeable to 50 per cent of respondents and agreeable to 22 per cent of respondents. It is no opinioned by 28 per cent of respondents. The total score for this score is 253 and 50.6 is the index. It scored rank 6.

Sales staff is the helpful to the customers is the statement is strongly agreed by 10 per cent of respondents. This statement is agreeable to 58 per cent of respondents. 32 per cent of respondents are not responding to this statement. The total score for this statement is 227 and the index number is 45.4. This statement scored rank 9.

Products are properly packed and delivered is strongly agreeable to 43 per cent of respondents and agreeable to 55 percent of respondents. 2 per cent of respondents don't have any opinion with this statement. 265 are the total score. 53 is the index number and the rank is 5.

The other statement is wide variety of products are offered by Elite Supermarket. This statement is strongly agreeable to 40 per cent of respondents and agreeable to 47 per cent of respondents. 8 per cent of respondents are not responding to opinion. This

statement is disagreed by 5 per cent of respondents. 253 are the total score and 50.6 was the index for this statement. 7 is the rank for this statement.

The statement of price of the product is low is agreeable to 18 percent of respondents. 35 per cent of respondents were not revealed their opinion. 17 per cent of respondents were disagreeing with this statement. 30 per cent of respondent were strongly disagreed with this statement. 145 are the total score and 29 is the index for that statement. This statement scored 10th rank. The composite index for the statements were 84

From the analysis we can infer that the majority of respondents were satisfied with the reason as same as weights and measurement of Elite Supermarket and quality products. But the satisfaction level is low in product price and variety of products.

Table 4.26 Opinion of Respondent on the Need for Improvement in Elite Services

The need of improvement in any area of the elite super market services have to be understand. The opinion of the respondents in this regard is presented in the Table 4.28.

Response	Frequency	Per cent
Yes	9	15
No	51	85
Total	60	100

Source: Primary data

From the above analysis it could be conclude that, 15 per cent of the respondents are thought of improvement in the various aspects of Elites perishable food products and at the same time 85 per cent thought that there is no need of improvement in the perishable products as offered by Elite supermarket.

Table 4.27 Specific Area of Improvement Required in Different Product Category

Product category	Improvement	Frequency	Per cent
Fish	Availability	7	12
Fruit	Price	8	13

	Quality	4	7
	availability	6	10
Frozen food item	Brand awareness	8	13
	price	5	8
Bakery	Brand awareness	6	10
	price	4	7

Source: Primary data

Above table 4.29 depicts the improvement needed in the certain aspects of elite's perishable food products. All the respondents have agreed that the Elite's perishable food products are having good quality. Only 7 per cent of the respondent needs improvement in the quality of fruits offered to the customers. Among the food items fish and fruit needs improvement in the area of availability. Brand awareness and price are the main areas of bakery and frozen food items area of improvement.

Summary of Findings, Suggestion and
Conclusion

Chapter - 5

Summary of Findings, Suggestion and Conclusion

5.1 Introduction

The study was done in the topic of procurement and distribution Channel of Elite supermarket in Thrissur district. This study helped to find the procurement pattern of perishable food products from the suppliers and distribution channel of the products to the ultimate customers. Supply chain management helps to reduce the product losses in transportation and storage and increases the sales of the organization. It ensures the product safety and quality. The study was based on the primary data collected. The primary data were generated from the suppliers and customers through a structured questionnaire and also interviews were conducted with the higher officials.

5.2 Review of literature

By the literature review it could be clear that, proper supply chain management system is needed for the retailing of fresh fruits and vegetables. Retailing helps to eliminate the middlemen between the producer and the customers, it is beneficial to both. Organizations use supply chain management to reduce or eliminate the buffers of inventory that exists between organization in a chain through the sharing of information on demand and current stock level. Better supply chain management improves the productivity as well as it ensures the quality products to the end users.

5.3 Supply chain management- a theoretical framework

The central aim of supply chain management, to have the right products in the right quantities (at the right place) at the right moment at minimal cost, is translated into the interrelated issues of customer satisfaction, inventory management, and flexibility. Customer satisfaction is to a high degree dependent on the flexibility of the supply chain, i.e. its ability to respond to changes in demand. Flexibility is often imperfect because of long lead times, uncertainties, and unforeseen event. To counterbalance this lack of flexibility companies will keep inventories at various levels of the supply chain.

Balancing the costs of imperfect customer satisfaction and holding inventory is a classic issue of logistics and supply chain management.

5.4 Elite supermarket

The value chain or the supply chain management in retail food industry starts from the procurement and ends with the distribution process to the ultimate consumers. Here the study mainly based on the procurement and distribution Channel of elite supermarket in the Thrissur district. Elite has started spreading its wings in Kerala to help to improve the quality pattern of the produce supplied to the customer and also follow a well-developed distribution channel for the timely supply of the produce to its centers.

5.5 Suppliers

1. It was found that out of the total respondent 56 per cent of respondents were under the age group of 41-50. And the least number of respondent (11 per cent) were found to be in the age group of above 50 years. Only 33 per cent of the respondent come under the age group of 31-40. It shows that the youths are not significantly involved in the agriculture production and marketing.
2. The educational status of the respondents revealed that majority of the respondents (67 per cent) were degree educated. 22 per cent of the respondents were post graduated. And only 11 per cent of the respondent comes under the qualification of HSE.
3. The study about the occupation of the farmers revealed that 67 per cent of the farmers had trading as their main occupation. It should be noted that for 33 per cent of total respondents either agriculture or animal husbandry was their primary occupation. The respondents were categorized as others; they were either employees of co-operative firms or Government.

4. The study revealed that the sources of perishable food products obtained by the suppliers was from nearby agricultural farms nurseries which should that they didn't face any big trouble procuring the planting material. Only 22 per cent of the respondent have their own farm.
5. The supplier supply the produce to the elite supermarket as per the quantity demanded by them. And also the payment is made on the spot to the suppliers.
6. From the study it is notable that quality is ranked as 1st as a reason for preferring elite supermarket followed by better services, price, convenient location etc. The market information system of elite supermarket was ranked as 6.
7. The study revealed that 67 per cent of the respondent are satisfied with the approach of employees as good and rest of the respondent (33 per cent) rated the statement with average.
8. Suppliers are like to continue with elite supermarket. Suppliers are highly satisfied with the grading system that followed by elite supermarket. Elite's rules and regulation placed as 6th rank. This may lead to dissatisfaction from the supplier part.

5.6 Customers

1. In the survey 35 per cent of the respondents are wages employed people. The monthly income of 42 per cent of the respondents ranged, from ₹10000 - ₹ 20,000.
2. The survey shows that majority percent of the respondents were non regular customers of elite super market with 67 per cent. Only 33 per cent of the despondence are regular to the elite super market.
3. The most preferred and demanded elite's perishable food products which the respondents are using include the vegetable, fruits, and meat and frozen food

items. Among the various factors, respondents preferred quality more than any other reason. Freshness was ranked second in the customer preference towards reason, followed by followed by availability, price and quantity respectively. Major portion of the respondents who are using the elite's perishable food products includes 1-2 year.

- 4. Almost large numbers of the respondents are don't wish to shift their current purchasing outlet and only a small number of the respondents are wish to change their outlet. Among the various reason, respondents identified price and unawareness as a reason for shifting more than any other reason. None of the respondents have any different opinion on the poor quality, poor services.
- 5. 53 per cent of the Customers are ready to purchase organic product at a premium price of > 10 per cent. That does not meant that the rest of the respondent are not like to purchase organic product. This inference is mainly because of the customers have a negative inhibition about the quality of the products that they purchase from the market in the name of organic.
- 6. In a family 55 percent decisions regarding purchasing are taken mainly by wives and then by husbands. It could be concluded that the product's superior quality, package, convenient packets, advertisement are the factors highly influenced on purchase by the respondents. At the same time, suggestions from friends and relatives, offers and schemes of the products are faced to have the least influence on purchasing decisions.
- 7. The purchasing pattern of respondents explains that vegetables, meat, bakery and fish are purchasing weekly, the frequency of purchase of fruits and frozen food items are using monthly is very high when it is compared to weekly.
- 8. None of the respondents were reported recall of promotion strategies followed by elite supermarket. All the respondent has same opinion on the necessity of promotion for elite super market And 73 per cent of the respondent has sited the lack of promotion as a drawback of elites perishable food products and 65 per cent of the respondent sited high price as a major drawback of elites products.

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9. When it comes to the customer satisfaction the customers are satisfied with the weights and measures with 1st rank and convenient working days as 2nd followed by quality, location, packaging, replacement, variety in products etc.
 10. Only 15 per cent of the respondents demanded improvement on those areas of brand awareness, availability and price and quality of the product that they offer to the end customers.

5.7 Suggestions

1. The friendly attitude followed by elite supermarket officials presently can be the same approach.
2. Proper record may be maintained in order for reference in the future.
3. Elite supermarket may also improve the hygienic condition in the area of perishable food sector.
4. Elite supermarket may also introduce central cold storage facilities
5. To attract more suppliers to the supply chain the organization may conduct exhibitions and seminars
6. Elites may restructure their pricing decision to attract more customers because it is observed that 54 per cent (table: 4.14) of the respondents opined that Elites supermarkets products are of highly priced.
7. Interactive platform for both suppliers and customers through mobile apps, online links etc.
8. The firm should focus more on promotional activities. Because it is observed that exposure and recall levels are low.
9. The firm can adopt the strategy of farm to fork. This will help to eliminate the intermediaries thereby reduce the overall cost of procurement.

5.8 Conclusion

The present study was on the topic Procurement and Distribution Channel of elite supermarket in Thrissur district'. Elite supermarket is the emerging retail industry in the country which sells fresh fruits and vegetables and groceries. Elite supermarket retail outlet helps the growth of food retailing in India. The study revealed that the overall satisfaction level of both the suppliers and the customers are good. Even if the satisfaction is there when it comes to the procurement pattern, it was found not that much effective. Procurement Patten have immense influence on the overall performance of the system. The ultimate beneficiary of efficient procurement is customers.

The study has also brought out that any improvement steps on the part of supply chain management could bring a lot of benefits to the Elite supermarket in the coming future, since there is a high satisfaction level from both the suppliers and customer's part.

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APPENDIX I

List of Suppliers

Product Category	Suppliers
Fruits and vegetable	<p>1. DH Fruits 19/17 Russel Market Sivaji Nagar Bangalore PH: 08025592348</p> <p>2. Laurence diar agro processing India pvt.(ltd) Higgin Road Ooty Nilagiries, Tamil Nadu-643001 PH:0423-2448133</p>
Fish	<p>1. Zea sales Chakola complex Peringavu, Thrissur PH: 0487-2332494</p> <p>2. SR Fisheries Edavangadu PH:9847047388</p>
Meat	<p>1. Meat products of India Koothattukulam PH: 0485-2253075</p>
Frozen food items	<p>1. ANB Associates Chukka bazar Centre PH: 9349597766</p>
Dairy	<p>1. Zoom enterprises 27/ Kanjani Road</p>

	Olarikkara PH:0487-2363472
	2. ERCM PUL Milma Thrissur Dairy No. E 150/D PH: 0487-2695876
Bakery	1. Elites production Unit Thrissur

APPENDIX II



KERALA AGRICULTURAL UNIVERSITY

COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT

VELLANIKKARA, THRISSUR

MBA IN AGRIBUSINESS MANAGEMENT

Procurement and Distribution Channel of Elite Supermarket in Thrissur District

INTERVIEW SCHEDULE FOR SUPPLIERS

(FOR ACADEMIC PURPOSE ONLY)

1. Name of the supplier:
2. Age: Below 30 31 to 40 41 to 50 above 50
3. Gender: Male Female
4. Educational qualification: Illiterate SSLC HSC Degree
PG
5. Primary Occupation:
6. Source of perishable food products;

S/no	products	Sources of products

7. Your opinion regarding the price paid by the Elite
Higher than market price Equal to market price Lower than market price
8. Mode of payment by Elite Supermarket

Cash Credit

9. Do you sell the whole farm production through elite supermarket?

Yes No

10. If -No, state reason:

11. Do you sell the produce after grading?

Yes No

12. Reason for preferring the Elite Supermarket (rank accordingly)

1. Market information service

2. Quality

3. Price

4. Weight

5. Time saving

6. Convenient location

7. Better service

8. Other reasons

15. Approach of elite supermarket employees towards the supplier

Good Average Poor

16. Whether the elite supermarket consider supplier's complaints with respect to the services offered by the Elite

Yes No

17. Are you interested to continue with Elite Supermarket?

Yes No

18. If -No, state reason

19. Suppliers satisfactions towards Elite Supermarket

Slno		SA	A	NO	DA	SDA
1	Satisfied with the rules and regulation followed by elite supermarket for procurement					
2	Elite Supermarket procurement location is convenient					
3	Elite Supermarket working days and time of trading are convenient					
4	Elite Supermarket weights and measures are accurate					
5	Marketing cost are less in Elite Supermarket compared to the other markets					
6	Elite Supermarket ensure timely payment of sales proceeds to the suppliers					
7	Elite Supermarket follows a grading system that ensure better price to produce					
8	I like to continue with Elite Supermarket					
9	Elite Supermarket provides good services to the suppliers					

THANK YOU



KERALA AGRICULTURAL UNIVERSITY

COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT

VELLANIKKARA, THRISSUR

MBA IN AGRIBUSINESS MANAGEMENT

Procurement and Distribution Channel of Elite Supermarket in Thrissur District

INTERVIEW SCHEDULE FOR CUSTOMERS

(FOR ACADEMIC PURPOSE ONLY)

Socio-economic profile

1. Name:
2. Contact No:
3. Gender: Male Female
4. Age: Below 20 20 to 30 30 to 40 40 to 50 50 and above
5. Education qualification: SSLC Plus two Degree P.G
6. Income status: APL BPL
7. Place of residence: Rural Urban
8. Primary Occupation: Self-employed Wage employed
Un-employed
9. Monthly Income (in ₹) : Below ₹10000 ₹10000- ₹20000
₹20001- ₹30000 above ₹30001

1. Are you a regular customer of elite supermarket: Yes /No

2. If yes, list the products:

products	Tick
Vegetables	
Fish	
Meat	
Bakery	
Fruit items	

Frozen food item	
Others	

3. The reason for using elite product? (Rank them)

Quality Quantity Price Availability freshness

4. How long have you been using the elite product?

Less than 1 Year 1 year- 2 years 2years- 3 years
More than 3 years

5. Do you wish to shift to a new retail outlet other than elite supermarket: Yes /No

6. If yes, what is the reason for shifting?

Poor Quality High Price Non- Availability Unawareness
poor service

7. Frequency of purchasing the elite Product?

Product	Not prefer	Weekly	Fortnightly	Monthly	Rarely
Vegetable					
Fish					
Meat					
Fruit					
Frozen food item					
Bakery					

8. Which store do you prefer for purchasing?

Elite supermarket Big bazaar Local Vendors
Others (specify)

9. What do you purchase mostly from the mentioned store?

Vegetables Fruits Fish Meat Frozen food items
Bakery

10. Weather you check for the quality specification of the products to be purchased?

Yes No

11. Do you wish to purchase organic products at premium price?

Yes No

12. If yes-at what price (%) than the ordinary product?

+10% +20% +30% +50% >50%

13. Does advertisement and promotion influence your shopping decision?

Yes No

14. Recall any one advertisement on food item?

15. What are the draw backs you could find in the Elite products?

Lack of effective promotion Non availability Higher Price
 Poor after sale services

16. Do you think that advertisements are necessary to promote the sales of elite supermarket product?

Yes No

17. Are you getting the products on time?

Yes No

18. Who takes the decision regarding the purchase?

Husband Wife Grandparents Children

19. Factors influencing purchasing decisions

Factors	Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Rank
Affordable Price						
Superior Quality						
Good Package						
Convenient packets						
Friends and relative						
Offers and scheme						
Advertisement						

20. Customer satisfaction

Sl no	Particulars	SA	A	NO	D	SD
1	Price of the product is low					
2	Quality of the product is good					

3	Sales staffs are helpful					
4	A wide variety of products are offered					
5	Working days are convenient					
6	Weights and measures are convenient					
7	Billing is correct					
8	Products are properly packed and delivered					
9	Damaged and defective goods are replaced without any hassle					
10	The store is located at a convenient place					

21. Is there any change or improvement needed in the elite perishable food items in any aspect: Yes /No

22. If yes, which are the main improvements suggested by you?

PRODUCTS	QUALITY	PRICE	QUANTITY	AVAILABILITY	PACKAGING
Vegetable					
Fish					
Meat					
Fruit					
Frozen food item					
Bakery					

THANK YOU

