



A STUDY ON RETAIL MARKETING PRACTICES AT HERITAGE FOODS LTD

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Abstract

Retailing consists of the sale of goods or merchandise from a fixed location, such as a department store or kiosk, or by post, in small or individual lots for direct consumption by the purchaser. Retailing may include subordinated services, such as delivery. Purchasers may be individuals or businesses. In commerce, a retailer buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells smaller quantities to the end-user.

Shops may be on residential streets, shopping streets with few or no houses, or in a shopping center or mall, but are mostly found in the central business district. Shopping streets may be for pedestrians only. Sometimes a shopping street has a partial or full roof to protect customers from precipitation. Online retailing, also known as e-commerce is the latest form of non-shop retailing.

Key Words: Retailing, Retailer, Delivery, Product.

INTRODUCTION

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

NEED FOR STUDY

The study is being conducted for the purpose of Retail establishments is often called shops or stores. Retailers are at the end of the supply chain. Manufacturing marketers see the process of retailing as a necessary part of their overall distribution strategy.

OBJECTIVES OF THE STUDY

The objectives of this study are

- Retailing includes *all* transactions in which the buyer intends to consume
- To find out classification of Retail Stores, where retailing takes place
- To measure Types of Merchandise Offering
- Service oriented retailer strategy.



SCOPE OF THE STUDY

The scope of this study is limited to customers in retail stores located in Hyderabad and Secunderabad.

METHODOLOGY OF THE STUDY

Sample List

For the purpose of this a sample list was prepared in consultation with faculty members and employees working in HERITAGE, HYD.

Sample Method

Random sampling method used for this study is convenient sample. A request letter was sent to all the retail stores listed in the sample list.

Sample Size

In all 90 questionnaires were administered to the team leaders working in NAYARSOFT, HYD. Questionnaire was given to the Team leaders and I asked them to fill the questionnaire.

Limitations of the Study

- ✓ Sample size is very small 90; it is not practical to extend this as the option of the whole retail stores.
- ✓ The questionnaires was forward only customers and members in retail store
- ✓ Respondents may not reveal the exact information.
- ✓ Questionnaire as a tool has some inherent limitations that have to be considered.

HERITAGE AT A GLANCE

The Heritage Group, founded in 1992 by Sri Nara Chandra Babu Naidu, is one of the fastest growing Private Sector Enterprises in India, with three-business divisions viz., Dairy, Retail and Agri under its flagship Company Heritage Foods (India) Limited (HFIL), one infrastructure subsidiary - Heritage Infra Developers Limited and other associate Companies viz., Heritage Finlease Limited, Heritage International Limited and Heritage Agro Merine Private Limited. The annual turnover of Heritage Foods crossed Rs.347 crores in 2006-07 and is aiming for Rs.700 crores during 2007-08.

Presently Heritage's milk products have market presence in Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Maharashtra and its retail stores across Bangalore, Chennai and Hyderabad. Integrated agri operations are in Chittoor and Medak Districts and these are backbone to retail operations.

In the year 1994, HFIL went to Public Issue to raise resources, which was oversubscribed 54 times and its shares are listed under B1 Category on BSE (Stock Code: 519552) and NSE (Stock Code: HERITGFOOD)

FORWARD LOOKING STATEMENTS

"We have grown, and intended to grow, focusing on harnessing our willingness to experiment and innovate our ability to transform our drive towards excellence in quality, our people first attitude and our strategic direction.

Mission

Bringing prosperity into rural families of India through co-operative efforts and providing customers with hygienic, affordable and convenient supply of "Fresh and Healthy " food products.

Vision

To be a progressive billion dollar organization with a pan India foot print by 2012.To achieve this by delighting customers with "Fresh and Healthy" food products, those are a benchmark for quality in the industry.



We are committed to enhanced prosperity and the empowerment of the farming community through our unique "Relationship Farming" Model.

To be a preferred employer by nurturing entrepreneurship, managing career aspirations and providing innovative avenues for enhanced employee prosperity.

Heritage Slogan

When you are healthy, we are healthy
When you are happy, we are happy
We live for your "HEALTH & HAPPINESS"

REVIEW OF LITERATURE

Retail marketing is the range of activities undertaken by a retailer to promote awareness and sales of the company's products. This is different from other types of marketing because of the components of the retail trade, such as selling finished goods in small quantities to the consumer or end user, usually from a fixed location. Retail marketing makes use of the common principles of the marketing mix, such as product, price, place and promotion. A study of retail marketing at university level includes effective merchandising strategies, shopping and consumer behavior, branding and advertising. Retail marketing is especially important to small retailers trying to compete against large chain stores.

Product

The cornerstone of the retail marketing definition is the product. In the retail environment, merchandise is classified according to the category into which it falls. These categories include hard or durable goods such as appliances, furniture, electronic goods and sports equipment; food; and soft goods or consumables. Soft goods include clothing, furnishings, cosmetics, paper goods and other items with a typical life span of three years or less. For example, in a small business selling handmade crafts, the products would likely all fall under a single category.

Place

The place where retail marketing occurs helps to define the process. A retail operation can be store-based retail or non-store, according to the Internal Revenue Service's Retail Industry Handbook. More than 90 percent of U.S. retail stores are small, single-store, owner-managed operations; however, these generate less than 50 percent of sales from retail stores countrywide. A definition of retail marketing includes the places where it occurs, such as in-store, online and points of sale. This also applies to non-store operations such as retail sales taking place from the business owner's home.

Price

Pricing is a major aspect of any retail marketing strategy. The price of merchandise helps to define the methods of retail marketing employed, as well as the target market, store location and retail format used to sell it. Pricing in the retail environment is based on fulfilling objectives such as covering the cost of sales and overhead, and in accordance with the four basic retail pricing strategies. These are everyday low pricing, high/low pricing, competitive pricing and psychological pricing. In a small retail business such as selling handcrafts, pricing may be based purely on the cost of sales, because overhead costs, if they exist, are minimal.

Promotion

Retail marketing relies heavily on the promotional aspect of the marketing mix, as can be seen by the number of print advertisements for consumer goods such as clothing, food and furniture. Promotions take place in traditional media such as television, print, outdoor billboards and radio, as well as new media such as the Internet. The choice of promotional channels is influenced by factors such as the competitive retail environment, the profit



margin on sales and the budget available for promotion purposes. The success of retail marketing is defined by the success of the business in selling its merchandise. Promotion may be more difficult for small businesses, because of their lower advertising budgets, but social media provides a low-cost method of promotion.

CLASSIFICATION OF RETAIL STORES

According to 5 Criteria

- **Form of Ownership**
 - Sole Proprietor (majority #s)
 - Corporate Chains
 - Contractual Chains
 - Franchising

- **Types of Merchandise Offering**

Merchandise mix, breadth (variety); depth (selection in product)

 - Limited-line stores-----> Sporting Goods Stores etc.
 - Single-line stores-----> Specialty Retailers Foot Locker, Radio Shack...Category Killers...Borders Books, Toys R Us etc.
 - General merchandise stores
 - Department stores
 - Macy's, Strawbridge & Clothier etc.
 - Supermarkets... Super fresh etc.
 - Hypermarkets...
 - Supercenters...
 - Discount Stores
 - Off-price retailers
 - Warehouse/Wholesale Club
 - Variety Stores...

- **Service Price Orientation (Level of Service)**
 - 1 Service oriented retailer strategy.
 - 2 Slim Profit margins, discount retailers, off-price retailers, deep discounters.





- **Where Retailing Takes Place**

In store vs. non store.

- *In Home Retailing*, selling via personal contacts with customers in their own home. Avon, Electrolux, Amway, Encyclopedias. Either cold calling, or calling on a lead. Can demonstrate the product. Becoming less popular, moving more toward office party plan etc, since more dual earning families. Party plan-Tupperware.
- *Telemarketing*, direct selling of goods and services by phone, generates sales leads, increase customer service, raise funds for non-profit organizations, and gather marketing data. \$13.6 bn per year tele - marketing. Successful when combined with other strategies. Long distance telephone companies.
- *Mail Order retailing*, sell by description. Compact discs. LL Bean. Eliminate personal selling and store operations. Appropriate for specialty products. Key is using customer databases to develop targeted catalogs that appeal to narrow target markets. \$57.4 b sales Offers convenience (Place utility), no parking or long lines etc. Buy from anywhere; retailer has low rent, small sales staff and no shop lifting. Postal rates increased cost of delivery by 14%. Sears discontinued 100 year old "Big Book", \$3 bn in sales. Why? Mass marketing not in vogue. Now Sears provides customer databases from 24 million CC users and partners (Hanover Direct) market specifically targeted catalogs.
- *Automated Vending*, less than 2% of retail sales. Most impersonal way of retailing. Convenience Products. High repair costs, restocking cost. Pizza.ATMs, Purnell's basement, Restrooms, gas stations. Price higher than in stores, consumers pay for convenience. Personal products, no human contact. Snapple new contract to sell its products through its own vending machine, developing another distribution channel (dual distribution). Pressure on cigarette industry to stop marketing cigarettes through this channel, since it makes cigarettes available to those under 18.
- *Television shopping*, QVC and Home Shopping Network. Total market currently worth \$2 + bn per year, projected \$25 bn by end of decade. Usually bargain products, but Saks 5th Avenue etc. are experimenting. Newer networks looking to create a "store" atmosphere, as opposed to a studio atmosphere, looking for more affluent customers. Use has plateaued due to:
 - Limited Cable Channel capacity
 - Waiting for improvements in technology, i.e. interactivity.
- *Electronic Shopping* Using computer on-line services
Problems:
Security of monetary transactions
Who is the vendor?
Prodigy
CompuServe

FINDINGS

1. After the data analysis I funded that 43.3% of the retailer's age belongs to 21-26.
2. After the data analysis that would leads to founded that 50% of the retailer's having below graduation qualifications.
3. 56.7% of the females are working in retail marketing and 43.3% of the males are working under the retail marketing business.
4. 30% of the retailers are natural and 26.7% are disagree to store the ads for the purpose of entertainment
5. 36.7% of the retailers are neutral and 30% of the retailers agreeing with evaluation of newspaper ads effectively
6. 36.7% of the retailers are neutral and 26.7% of the retailers disagreeing with newspaper ads are interesting
7. 30.3%, 13.3% of the retailers feel attractive in newspapers ads.



8. 26.7%, 20% of the retailers said newspapers ads are informative.

CONCLUSIONS

1. 60% of the retailers said newspapers ads are professional. And 40% retailers said newspapers ads are not professional
2. 46.6% agree and 30% of the retailers feel attractive in TV ads. And 23.4% retailers are unattractive in TV ads.
3. 46.7% of the retailers are agreed and 20% of the retailers are natural with TV ads are interesting
4. 60% of the retailers are agreed that TV ads are informative.
5. 43.4% of the retailers are disagreed and 30% are natural that TV ads are professional.
6. 40% of the retailers are agreed and 36.7% are natural with TV ads are entertaining.
7. 60% of the retailers are agreed that TV ads are informative.
8. 67% of the retailers are while searching for these products they are consulted minimum 7 members of Friends, relatives or neighbors.
9. 53.3% of the retailers are agreed with less than five TV or radio ads that you remember seeing during your search for the product purchased.
10. 67% of the retailers said that for the purchasing of product they can viewed less than 7 consumer reports.

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