Chapter I

INTRODUCTION

1.1 As an art and a science, marketing is undergoing dramatic and exciting changes, and the field promises to be just as dynamic in the years ahead. Marketing has emerged as the most critical function in today's international business climate; even the smallest firms are now using innovative marketing techniques to compete globally.

When we examine the historical perspective of marketing it is apparent that the traditional mode of trading has blossomed into the modern techniques of marketing. Whenever a person made more than what he needed or wanted, the foundation was laid for trade and trade is the heart of marketing. Although the essence of marketing is as old as trade itself, marketing emerged as a serious subject of study and has been accepted as a major management discipline only since the middle of the present century. The starting point of complexity of modern marketing can be attributed to the mass production of goods and services due to factory form of organisation begetted by industrial revolution. From this production orientation stage emphasis had shifted to sales and later to consumer satisfaction and now the scope of marketing has widened to imbibe a pulsating progressive social outlook.

The modern philosophy of marketing has turned the traditional views of business itself. As Peter F. Drucker has observed, "Companies are not in
business to make things, but to make customers." Instead of selling products or services, companies are in business to establish and maintain relationship with customers. Sales are simply the result of such successful relationships.

Marketing is not merely an economic activity. Non-profit making and service rendering organisations depend on marketing for furthering their objectives. Hospitals, Transport business houses, Amusement parks, Tourist resorts and even places of worship assume marketing strategies for achieving their respective goals. Similar tactics are adopted by lawyers, accountants, doctors, artists and even politicians. The basic concepts and practices of modern marketing are used in a wide variety of settings: product and service firms, consumer and business markets profit and nonprofit organisations, domestic and global companies, and small and large business.

Marketing is an elusive, all-embracing and often a confusing term. During the evolution it was understood as a concept, a process and as a managerial function. Creating customer value and satisfaction are the heart of modern marketing thinking and practice. Marketing is the delivery of customer satisfaction at a profit. The two fold goal of marketing is to attract new customers by promising superior value and to keep current customers by delivering satisfaction. It implies that customer satisfaction still remain as an integral part of modern marketing. However this relationship marketing is now being elevated to a higher plane of social marketing.

Distribution provides the required goods and services for ultimate consumer satisfaction. This provision is effected through the process of
marketing. Production centres are linked with consumers through a network of wholesalers and retailers. Mass retailing has succeeded to a certain extent in reducing the importance of wholesalers. Retailing is a trading activity directly related to the sale of goods or services to ultimate consumer for personal, non-business use. Retail trade is selling of various goods in small quantities to the final consumer. Manufactured goods are worthless until they pass acid test of retail distribution. The retailer alone can offer safe and reliable goods to consumers.

Compelled by globalisation and technological changes novelties and innovative techniques are being adopted by the art of retailing. Departmental stores and supermarkets are replacing old grocery shops and general stores. In developed nations one can visualise hypermarkets, speciality stores and discount houses. Thus we are witnessing a power shift from manufacturers to giant retailers and new retail forms.

An important diversification in the field of retailing is the emergence of non-store retailing. A growing amount of selling to individual consumers is now taking place outside the traditional retailing structures. This innovation has culminated in direct marketing. Direct marketing is the marketing of products to ultimate consumers through face-to-face sales presentations at home or in the work place. Traditionally called door-to-door selling, direct marketing began in our country long ago and has grown into sizable industry of several hundred firms.
Today's direct marketing, though, is much more than simply a subsection of the marketing concept. It is a philosophy of an enterprise, an attitude, a belief and a way of running an organisation. At its very core are customers. What makes direct marketing uniquely different from traditional marketing is that it begins with information about customers and uses this database to build relationships.

This customer relationship building aspect of direct marketing is achieved through home delivery system. It is also known as "in home selling", "house to house selling" or "door to door sales". Retailing is a highly competitive field of business because of free entry and in order to survive and to win an edge over the competitors, innovative customer relationship building techniques were required. Some of the enterprising entrepreneurs have found an answer in home delivery. Even though home delivery system has a lot of variations the term home delivery is used in the study to denote a mode of retailing performed by retail outlets including supermarkets to sell easily exhausting consumer non-durable goods possessing a high turnover. The popularity of home delivery system can be ascribed to the incremental customer satisfaction that it has succeeded to generate.

1.2 Statement of the Problem

In the present social scenario Home delivery system has assumed more and more significance. It is being increasingly used in the context of the paradigm shift away from public sector to private sector that is taking place across the globe. In India it is more than being just another addition to the
lexican on marketing where of course it is most relevant today. We often encounter the scenario in which there will neither be an ideological basis in favour, nor prejudice against either to public sector or to private sector. As an economy measure a general tendency to be thriftier and to be extremely cautious in utilising time, which in form, as a whole, economise the social cost considerably. Home Delivery System inherently possesses the quality of service orientation so that the marketing of a commodity is intrinsically accompanied by service. Thus the system bears the birthmarks of service marketing. If, skillful time management and reasonable timesaving without yielding quality is possible, undoubtedly people will not hesitate to embrace the system. It is being enforced and experienced by Asian countries at large in modern era. It will help consumers to be free from wandering door-to-door shopping and thereby saving time and money. The domain of retailing seemed to have been radically transformed with the support of the remarkable innovative mode of Home Delivery System. More than that, it is genuinely adopted by retailers with a view to boost and enrich the customer relationship and well received by customers owing to its obvious multitude of economies. The relevance and importance of the study can be briefly summarized below:-

1. To examine and highlight the potentialities and effectiveness of home delivery system particularly in an environment in which such a system has not gained momentum.

2. Home delivery system has a social outlook as it aims to satisfy consumer needs in the best possible manner. Complied with service motto it is the system of marketing, which can augment consumer satisfaction.
3. In the present day, time has become a very precious thing. It is regarded as a resource more valuable than money. Home delivery system recognises this fact and tries to achieve economy in time.

4. With the help of fast growing transport and communication systems it is easy to operate Home delivery system with telephone, fax, computer etc.

5. Economies of time, money service etc., can be reaped by both consumers and traders by adhering to the system.

An important innovative mode of retailing which has gained momentum seems to be the Home Delivery System. This is adopted by retailers to enhance customer relationship and consumers have welcomed it due to its obvious economies. Hence this study has economic and social relevance. The problems and prospects of Home Delivery System from the point of view of retailers and customers is worthy of an in depth analysis and interpretation and hence it is attempted here.

1.3 Review of Literature

In the following pages an attempt is made to review the existing literature on the subject and to explain the design and execution of the study.

In spite of its importance, the different aspects of home delivery system have seldom been subjected to scientific enquiry in a substantial manner. It is against this background that the present study is undertaken to evaluate the working of home delivery system. No studies have been made and published literature is almost non-existent except for some references in marketing books.
Since published literature on the subject was almost nil, in order to design a theoretical framework for pursuing this research work the following procedure was adopted. Visiting of retail outlets where the system of home delivery is practiced effectively and meeting with owners and discussing the various aspects of the system with them, collecting news and views from employees, meeting consumers who are beneficiaries of the system and ultimately seeking advice from academic experts in the relevant field.

A review of concepts and previous studies are useful to define precisely the concepts used in the present study, to place the problem in proper perspective and to decide the framework for analysis. Precise definition of the concepts would enable both the collection of relevant data and meaningful interpretation of the results for analysis.

According to the traditional view of Adam Smith\(^4\) (1775) "Consumption is the sole end and purpose of all production and the interests of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer."

Stressing the importance of marketing Peter F. Drucker\(^5\) observes "If we want economic development in freedom and responsibility, we have to build it on the foundation of marketing."

James Cullition\(^6\) poetically presents "The marketing man is a decider and an artist - a mixer of ingredients, who sometimes follows a recipe prepared by others; sometimes adopts a recipe to the ingredients immediately
available; sometimes invents some new ingredients; and sometimes experiments with ingredients as no one else has tried before."

Geoff Lan Caster\(^7\) has listed many interesting definitions on marketing as "Marketing is what marketers do", "Marketing is everything and every thing is marketing. Every business activity has marketing implications and every marketing decision affects the entire organisation", "Marketing is selling goods that do not came back to people who do"

A renowned authority on marketing Philip Kotler\(^8\) defines marketing as "a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others."

Encarta Encyclopedia\(^9\) defines marketing as "a process of identifying anticipating and satisfying customer requirement for consumer goods or services".

The different stages in the evolution of marketing as suggested by Michael R.Solomon\(^10\) are as follows. "The production orientation that emphasizes the most efficient ways to produce and distribute product. The sales orientation emphasis aggressive sales practices and sees marketing strictly as a sales function. Consumer orientation focuses on ways to satisfy customer needs and wants. The New Era orientation means a devotion to excellence in designing and producing products and creating products, that benefit the customer plus the firms employees, shareholders and fellow citizens".
Commenting on the evolution of marketing Mohammed Amanatullah\textsuperscript{11} observes, "Marketing is born and grows as a society moves from a handicraft economy or self sufficiency into a Socio-economic system which involves a division of labour, factory industrialisation and urbanisation of the population. Marketing has developed in an evolutionary rather than an evolutionary fashion."

Stressing the importance of marketing Philip Kotler\textsuperscript{12} observes, "Marketing is all around us, and we all need to know something about it. Marketing is not only used by manufacturing companies, wholesalers and retailers, but by all kinds of individuals and organisations. Lawyers, accountants, and doctors use marketing to manage demand for their services. So do hospitals, museums and performing arts groups. No politician can get the needed votes, and no resort the needed tourists, without developing and carrying out marketing plans."

Commenting on the importance of marketing Peter F Drucker\textsuperscript{13} observed "Fifty years ago the typical attitude of the businessman towards marketing was that the sales dept. will sell whatever the plant produces. Today it is increasingly to produce what the market needs."

Seth Godin\textsuperscript{14} has introduced four P's in the place of the traditionally accepted four P's of marketing viz. "Permission, Paradigm, Pass along and Practice. Permission is the art of marketing to people who want to be marketed to, and doing it with anticipated, personal and relevant message. Paradigm is the scary practice of busting the rules of your industry and inventing new..."
rules, rules that make your competition obsolete. Pass along (the idea virus) involves recognizing the fact that the single best way to grow your business is to help your product. Practice is the scary idea that by testing, measuring, and evolving your product offering, you can grow and change much more quickly than your competition, which is stuck in an old way of doing business."

Commenting on distribution, William J. Stanton\textsuperscript{15} observes "A distribution channel consists of the set of people and firms involved in the transfer of title to a product as the product moves from producer to ultimate consumer or business user. A channel of distribution always includes both the producer and the final consumer, for the product in its present form as well as any middlemen such as retailers and wholesalers."

According to S.A. Sherlekar\textsuperscript{16} "Wholesalers are individuals or business firms who will sell products to be used primarily for resale or for industrial use. The wholesaler is a bulk purchaser with the object of resale to retailers or other traders after breaking down his "bulk" in smaller quantities and if necessary repacking the smaller lots into lots suitable for his customers viz. retailers."

Stressing the main features of retailing in India, S.A. Sherlekar\textsuperscript{17} observes, "With growth of large-scale retail organisations, small retailers may lose their dominance in retail trade. In rural and semi-urban areas, small retailers would continue to enjoy dominance for a pretty long time".

S.A. Sherlekar\textsuperscript{18} has distinguished wholesaling and Retailing as "Wholesalers operate on a large-scale in the central market and act as the first
outlet in distribution, usually specialising in one or a group of allied articles. Retailers operate on a small-scale and in the local markets, selling directly to the consumers a wide variety of goods to satisfy numerous and changing wants of customers.

Wholesale business needs large capital, wholesale prices and margins are relatively lower, and the business can be carried on with or without a showroom. Retail business requires limited capital, the prices and margins are relatively higher and the business requires a shop with or without display."

Explaining the main types of retailing Mason presents "Retailing is the set of business activities that adds value to the products and services sold to consumers for their personal or family use. Often people think of retailing only as the sale of products in stores. But retailing also involves the sale of services: overnight lodging in a motel, a doctor's exam, a haircut, a videotape rental, or a home-delivered pizza. Not all retailing is done in stores. Examples of non store retailing are the direct sales of cosmetics by Avon catalog sales by L.L.Been and Patagonia, and the Home Shopping Network on cable TV."

Stressing on the importance of retailing Ganesh Chella presents "Retailing combines many of the features of service businesses such as a courier company, a fast-food restaurant, an FMCG business, a five-star hotel and a household. Retail has the back-end logistics complexities of a courier company. It has the speed and standardisation needs of a fast-food restaurant. It has the supply chain, brand management and customer knowledge requirements of an FMCG business. It calls for the personal contact, attention
and ambience of a five star hotel. Finally, a retailer's task is quite similar to a housewife's. Whatever she does in the beginning of the day get undone by night and needs to be redone from scratch and has to be 'perfect' each time. It is noticeable when it is not done, but not acknowledged when it is!" 

The key to success in retailing has been emphasized by S.A.Chuna Walla\textsuperscript{21} “Entry and exit in retailing are very easy. The survival, however, is difficult. A retailer survives if he plays his role effectively - catering to the final consumer, and serving the producers and wholesalers”. 

Jagdeep Kapoor\textsuperscript{22} suggests that even the recession period is good soil for launching new products "we need to find a gap in the market and today the launch of Dandi Salt is successful" 

Analyzing the importance of sales persons P.K. Sinha\textsuperscript{23} observes, "They can make a shop paradise or hell. They can make or break the store. The new self-service department stores pose peculiar problems for sales persons. Most of them do not know when to help out. Here, salespersons are just a piece of 'visual merchandise' in the shop."

The Knight Frank India Research Mumbai\textsuperscript{24} in their study emphasizes that "Specialty stores and restaurants have taken root in India and are all set to grow. Barista, Cafe Coffee Day and other such chains of coffee shops are expanding fast and wide. Pubs such as Geoffrey’s, and specialty eateries such as Copper Chimney and Mainland China are creating a niche for themselves and are expanding their franchise. Organised grocery retailing through mini-supermarkets is well entrenched in South India. Food World, promoted by the
RPG group, is the fastest growing supermarket chain in India. Other prominent players in this segment of retailing are Vitan and Nilgiris. The concept of supermarkets within recreation clubs and other special location such as office complexes is also catching on. We believe there is enormous potential for supermarket chains to flourish as there are a large number of educated dual income couples in South Indian cities who are willing to pay a premium for hygienically packed items."

In the present setup in our country a single retail store will not be in a position to stand alone as remarked by T.N. Shanbag\(^{25}\) "a store can be a liability more than an asset. You must first establish a reader-friendly approach and then expand in to a chain instead of opening a book store, adding a cafeteria to attract people then toys, stationary, magazines and so on."

A comprehensive study conducted by the Feminine Journal 'Vanitha'\(^{26}\) claimed to be having the top most circulation in India, highlights the present scene of Margin Free Markets in Kerala and emphasises that the consumers are ultimately mislead and exploited.

According to M.M. Zimmerman\(^{27}\) who is considered to be an authority on the subject "A supermarket is a departmentalized retail establishment having four basic departments. Viz self-service, grocery, meat produce and dairy plus other household departments and doing a maximum business. It may be entirely owner operated or have some of the departments leased on a concessional basis."
Charles W. Lamb\textsuperscript{28} defines "A supermarket is a large departmentalised, self service retailer that specializes in food and some non-food items."

Encompassing the features of supermarkets, William M.\textsuperscript{29} suggests "Supermarket refers to an institution in the grocery retailing field that has a moderately broad, moderately deep product assortment spanning groceries and some non-food lines offering relatively few customer services: Most supermarkets emphasize price. Some use price offensively, featuring low prices to attract customers. Other use price defensively, relying on leader pricing to avoid a price disadvantage. Having very thin gross margins, supermarkets need high levels of inventory turnover to achieve satisfactory returns on invested capital."

The world book 1999\textsuperscript{30} narrates a supermarket as "a large store that sells food and various other products. Customers in supermarket select goods themselves and then pay for them at a check out counter. Supermarket differs from other grocery shops chiefly in their volume of sales. Some supermarkets are independent shops but many belong to networks called chain. Supermarkets began operating in US during the 1930's. In 1950's they spread throughout much of Europe and now feature in many countries around the world. Early supermarkets sold only food. Their chief attraction was low prices. Today's supermarkets still sell a variety of food products including baked goods, dairy products, frozen foods, fruit, meat, tinned foods and vegetables. However many also stock cleaning products cooking utensils, greeting cards and other non-food items. They use shelving and special cases to display products." Regarding supermarkets Ralph S. Alexander\textsuperscript{31} reports
"For a supermarket no clear definition is there. Because of the indefiniteness in the usage of the term 'Supermarket' no accurate statistics are available concerning it. There are some important characteristics for a Supermarket. Not all units possess all these features but they are sufficiently common so that they may be said to be characteristics."

Stressing the inclusion of non-food items in a supermarket David Litwak\textsuperscript{32} presents "Given the high margins of many home-office products it makes good business sense for supermarkets to make a stranger statement with this category. Supermarkets need to realise that the home/office \& stationary section is very profitable."

Present scene and future trend of supermarkets has been depicted by Kelly Beaman\textsuperscript{33} as "Quick-moving non foods items can help supermarkets steel some of Wal-Mart's thunder. Supermarket retailers now realise the difficulty in competing across the board in general merchandise as observed by Seth Mendelson "Supermarket retailers are finally catching on to the fact that their lack of room, plus changing consumer perceptions is making it difficult for them to compete across the board on general merchandise items with other formidable retail classes."

Describing the present scenario of supermarkets, Donald J.Bowerson\textsuperscript{34} stresses, "Today's supermarket is a large departmentalised retail establishment selling a variety of products, mostly food items but also health and beauty aids, house wares, magazines and much more. The dominant features of a Supermarket marketing strategy like large inventories on self-service, in store
aisles and centralised check out lines offering low prices resulting from self service are stressed."

C.K. Ravindranathan has narrated the evolution and features of a supermarket as “Modern Super Markets provide all kinds of goods and services ie. It deals in A to Z items. Supermarket is a retail outlet, the evolution and development of which can be ascribed to the great depression experienced during 1930's. Deflated resources during the depression warranted exploration and implementation of ways and means for reducing cost. Sales efforts (labour) required to procreate product conviction in the minds of the consumer seemed to be redundant if conducive physical environment is provided in the art of marketing and this realization has culminated in the creation of supermarkets. Selecting by personal choice was a pleasure, which human beings had sought from times immemorial, and supermarkets provided a unique opportunity to enjoy this pleasure abundantly. Hence super markets are markets endowed with superiority over traditional markets. And this superiority is a prime characteristic of the super market in the selling process without sales effort by salesman.”

On direct marketing, Martin Bair comments "The key objectives of direct marketing are two-fold: to create customers and to cultivate customers. Direct marketing works to acquire new customers, and then to cultivate them through continuity selling and cross-selling."

Emphasizing the advantages of Direct Marketing Barry Berman observes "low rent with no off setting customer inconvenience capability to
sell and service customers 24 hours a day, and ability to effectively service sparsely populated rural areas."

Describing the importance of Direct Selling S. Neelamegham suggests "Direct Selling is a specific tactic and not a broad spectrum strategy: Entrepreneurs often fail to understand this when launching consumer non-durables. Not realising that advertising is cheaper and more effective in creating a brand image, they resort to direct selling only to be turned away by unbelieving housewives."

Commenting on the role of home selling in our country. V.S.Ramaswamy observes "Home Selling is popular in India and is likely to gain further ground in the years to come."

Jay Diamond reports "Spiegel, Inc. the nation's largest direct marketer and speciality retailer, was founded in 1865. It sells apparel, household furnishings and other merchandise through semi annual catalogs and various speciality catalogs. Speigel reaches 30 million households in the U.S.A. It does have a few outlet shops that dispose of over stocked merchandise."

An isolated reference made by William G. Zikmund about home delivery is that "One customer service offered by retail grocery stores before the widespread growth in supermarkets was home delivery. Large chains did not generally adopt this practice. However, some retailers kept their foot in the door by operating specialized home delivery routes. An example is the Jewel company's home delivery system. Evidence suggests that home delivery of such items as food may have lost its appeal to both consumers and retailers."
Some industry experts think home delivery will grow in the future. Most do not. Meanwhile, manufacturers dream. Door to Door sales is alive and well in some countries such as China, but it is declining markedly in the United States because of high labour costs, the large numbers of homes that are empty during the day and the increasing reluctance of those who are at home to admit strangers. It is interesting to observe that while door-to-door retailing is decreasing in importance in the United States, it is growing in some less-developed countries. Avon, for example is developing a major door-to-door organisation in China."

1.4 Objectives of the Study

The study is an attempt to determine the functional aspects of Home Delivery System as an innovative mode of retailing. It concentrates on the problems and prospects of the system. To be more specific the main objectives are:

➢ To understand the functional aspects of home delivery system adopted by large-scale retailers

➢ To analyse the impact of home delivery system on consumption, buying behaviour and shopping pattern.

➢ To identify the problems and prospect of home delivery system from the point of view of distributors and customers and

➢ To suggest measures for improving the system to develop efficient distribution strategy.
1.5 Limitations of the study

Being a Social Science research the study is not free from limitations. Since the study involves extensive use of primary data for drawing inference, the coverage of the study has been limited to the four central districts of Kerala only.

Primary data is elicited from consumers and owners of retail outlets who were varied and different in their attitude perception etc. Most of the questions were answered on the basis of a recall method and subject to normal recall errors. So the reliability of the data is questionable. Whatever efforts have been made to cross check and verify the accuracy of the data, the possibility of some errors still remaining cannot be entirely ruled out.

Majority of the retail outlets are partnership firms. They were hesitant to furnish all the details required for the study, as they were afraid that their business secrets would be disclosed to the competitors. In the absence of exact figures conclusions regarding profitability, scope for new entrants etc. was not possible. Likewise the full extent of potentiality could also not be studied for want of market related data.

However all efforts have been made to present an unbiased report on the study and it is hoped that this study will contribute albeit its limitations, to the undertaking of the problems of home delivery and to take appropriate measures to overcome these problems.
1.6 Chapter Scheme

The thesis consists of eight chapters. The scope of these chapters is briefly as follows.

First chapter gives an introductory briefing. The second chapter presents the methodology used for the study, data collection techniques and the tools of analysis used for the study. Chapter three contains an overview of the historical perspective of marketing, retailing, direct marketing and home delivery. Chapter four narrates the present scenario of Retailing and Home delivery. Chapter five deals with the evaluation of the working of home delivery system based on the analysis and interpretation of the collected data. Chapter six brings into picture the different problems faced and future prospects of Home Delivery System. Chapter seven gives the suggestions and conclusions emerging from the study.
REFERENCES:

3. Ibid., p.3
11. Mohamed Amanatullah "Modern Marketing" - Kalyani Publishers
17. Ibid., p.397.
18. Ibid., p.384 & 385.


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