

CHAPTER V

PRICE ADVANTAGE IN PONNI SUPER MARKET  
OVER CHAMUNDI SUPER MARKET

- 1 INTRODUCTION
- 2 REASONS FOR PRICE ADVANTAGE IN PONNI
- 3 EXTENT OF PRICE ADVANTAGE IN PONNI
- 4 SUMMARY

## 1 INTRODUCTION

In this chapter an attempt is made to study the price advantage in Ponni super market over Chamundi super market. The price advantage has been studied with the help of three analyses. First the items with price advantage in Ponni, those with price advantage in Chamundi and those with equal price in both the super markets have been identified and their respective percentages to the total number of items have been tabulated section wise. Then the extent of price difference in each item was calculated. In order to find out the significance of the price difference, the differential 't' test has been applied section wise. Finally two way tables have been framed according to the nature of items and the extent of price difference section wise and 'chi square' test has been applied to find out the relationship between nature of items and extent of price difference. Finally these three analyses have been made taking all the sections together.

### [4. METHODOLOGY

Data regarding prices have been collected using 'Panel Interview' method. In the morning session prices of goods were collected from Ponni. In the evening session, the same day, prices of the same goods of the same brand and same size were collected from Chamundi. Daily one section was covered.

Thus it took seven days to cover 505 items in 7 sections at a time. The process was repeated three times once each in November ~~86~~, December ~~86~~ and January ~~87~~. The average of the three prices was taken for each brand for the purpose of analysis.

In the process of ~~the above~~ analysis the following hypothesis has been tested.

"Ponni has price advantage over Chamundi". In other words "Goods are cheaper in Ponni than in Chamundi". ]

### [ 5 REASONS FOR PRICE ADVANTAGE IN PONNI

The above hypothesis has been formulated based on observation and personal experience of the researcher. The reasons for price advantage in Ponni over Chamundi are explained below.

5/1  
2/1  
PURCHASE: District wholesale stores make purchases on behalf of Ponni through tenders. Lowest quotation is accepted. Moreover bulk purchase of merchandise reduces incidental costs like transport. Provisions, rice, dal etc. are purchased under this method. Cosmetics, stationery, liquors, etc. are purchased from local dealers who give door delivery of goods. Controlled goods and textiles are purchased

from the local unit of National Consumers Cooperative Federation. Thus the economies of bulk purchases account for price advantage in Ponni.

Chamundi on the other hand purchases provisions from the source of production, rice from Tanjore, dal from Uttar Pradesh and Andhra Pradesh and spice from Kerela. This increases cost of transport, packing, forwarding, banking and handling charges. Cosmetics and oil are purchased from local dealers. But purchases are made in small quantities. These factors account for the higher prices of goods in Chamundi.

<sup>5.2</sup>  
~~2.2~~ MARGIN OF PROFIT: Ponni charges comparatively lower margin of profit. The following table throws light on this aspect.

TABLE 3-7 MARGIN OF PROFIT IN PONNI AND CHAMUNDI

Items	Ponni	Chamundi
Vegetables	10%	15%
Canteen	5% to 8%	10%
Grocery	5%	7%
Textiles	15%	20% to 25%
Cosmetics	7%	10%
Household	10%	15%
Drugs	3%	5%
Plastics	10%	20%
Stationery	7%	10%
Liquor	10%	25%
Electricals	10%	15%

Source: Primary Data

2.3 COST OF CLEANING: This is incurred only in the case of provisions. In Ponni this cost is very low as only First quality goods are purchased. In Chamundi it is more which is added to price.

2.4 DAMAGED GOODS: Another factor for the lower prices in Ponni is the less damage to goods than that in Chamundi. Though both in Ponni and Chamundi the loss due to damages is included in the price of goods not damaged as Ponni gets supplies from the nearby Salem District wholesale store the extent of such loss is lower in Ponni than in Chamundi getting supplies from far off wholesale dealers and producers.

#### 2.5 EXTENT OF PRICE ADVANTAGE IN PONNI

In this section the extent of price advantage in Ponni is measured through Percentage tables, ~~average and 't' test,~~ and ~~'chi-square' test.~~ These analyses have been made for various items under the following sections.

TABLE ~~38~~<sup>2</sup> SAMPLE FOR STUDY

Section	No. of Items	No. of Brands
Cosmetics	9	111
Textiles	6	56
Stationery	7	58
Medicines	6	92
Provisions	6	57
Liquor	4	51
Miscellaneous items	8	80
Total	46	505

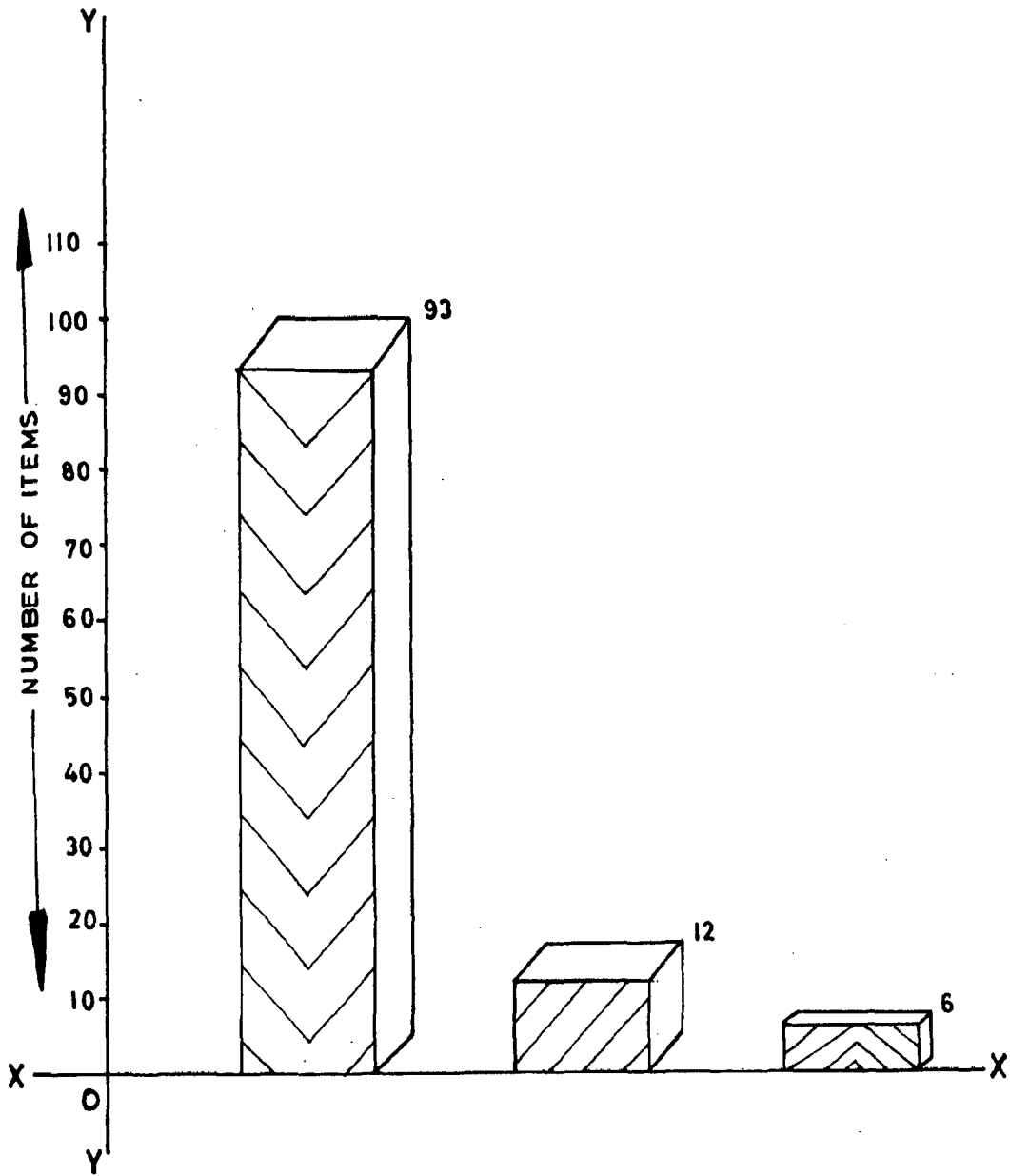
### 6.1 COSMETICS

One hundred and Eleven items have been taken for study. These items have been divided into the following groups: toilet soap, washing soap, washing powder, tooth paste, tooth powder, face powder, blade, tooth brush and shampoo. The number of brands with price advantage in Fonni and Chamundi have been noted and their respective percentages ascertained for each item separately. The number of brands whose prices are equal in both the super markets and their percentage have also been ascertained. All these indicators are given in table 39.

TABLE 39 NUMBER AND PERCENTAGE OF COSMETICS WITH AND WITHOUT PRICE ADVANTAGES IN PONNI AND CHAMUNDI

Items	Brands with price advantage in Ponni		Brands with price advantage in Chamundi		Brands with equal price		Total
	Number	Percentage	Number	Percentage	Number	Percentage	
Toilet Soap	18	95	1	5	0	0	19
Washing Soap	5	56	2	22	2	22	9
Washing Powder	11	73	3	20	1	7	15
Tooth Paste	17	89	2	11	0	0	19
Tooth Powder	6	74	1	13	1	13	8
Face Powder	13	93	1	7	0	0	14
Blade	8	80	1	10	1	10	10
Tooth Brush	6	86	0	0	1	14	7
Shampoo	9	90	1	10	0	0	10
Total	93	84	12	11	6	5	111

PRICE ADVANTAGE IN BOTH THE SUPER  
MARKETS IN COSMETICS



 PRICE ADVANTAGE  
IN PONNI

 PRICE ADVANTAGE  
IN CHAMUNDI


 EQUAL PRICE



Table 3<sup>9</sup> reveals that out of one hundred and eleven brands taken up for study, ninety three items have price advantage in Ponni, twelve items have price advantage in Chamundi and six items have equal price in both the super markets representing eighty four percent, eleven percent and five percent respectively. ]/31

Of all the items, twelve brands i.e., Margo toilet soap, Economy Rin, More washing soap, Ezee detergent liquid, Popular Nirma washing powder, Vicco 50 gm, Vicco 100 gm tooth paste, Vicco 100 gm tooth powder, Gokul 70 gm face powder, Panama blade, and No 5 Shampoo have price advantage in Chamundi because of the following reasons.

i Industrially manufactured consumer goods are locally purchased by Chamundi from wholesalers who sometime allow cash discounts or price discount to boost the sales. Such price concessions enable Chamundi to sell at low price. Since Ponni purchases these goods directly from producers through district wholesale stores they are deprived of this concession.

ii Producers or their agents gave door delivery of these goods themselves bearing the cost of transport. Absence of transport cost has resulted in price advantage in Chamundi in the above items.

Next the price difference for each item under the above heads were calculated as below.

The difference between the prices in Ponni and Chamundi has been calculated for each brand under each item. The average of price advantage in Ponni was computed for each item. The price difference ranges from paise 2 to Rs 6.35. The average price difference for all the brands of cosmetics was 56 paise. 77 brands have price advantage below this average and the price advantage in 34 brands are above this average. In order to ascertain the significance of price difference, the differential 't' test has been applied and the results are given in table 40.

TABLE 40. PRICE ADVANTAGE OF PONNI OVER CHAMUNDI IN COSMETICS  
't' test

Items	Average price advantage in Ponni	S.E.D.	't' value	Table 't' value at 5% level	Significance
Toilet Soap	0.28	0.05	5.60	2.10	Significant
Washing Soap	0.03	0.03	1.00	2.31	Not Significant
Washing Powder	0.26	0.11	2.36	2.15	Significant
Tooth Paste	0.50	0.11	4.50	2.10	Significant
Tooth Powder	0.28	0.12	2.33	2.31	Significant
Face Powder	1.27	0.30	4.23	2.16	Significant
Blade	0.16	0.05	3.20	2.26	Significant
Tooth Brush	0.19	0.04	4.75	2.45	Significant
Shampoo	2.09	0.65	3.22	2.26	Significant
Overall	0.56	0.23	2.43	2.31	Significant

Table 40 reveals that among the nine items of cosmetics taken up for study all except washing soap have significant price advantage in Ponnai over Chamundi. Overall price advantage is also significant.

Next the extent of price advantage in Ponnai is studied according to the group of cosmetics items.

TABLE 41 NATURE OF ITEMS AND EXTENT OF PRICE ADVANTAGE IN COSMETICS: Chi Square Test

Items	Upto paise 30	Paise 31 and above	Total
Toilet Soap	11	8	19
Washing Soap	9	0	9
Washing Powder	11	4	15
Tooth Paste	7	12	19
Tooth Powder	6	2	8
Face Powder	1	13	14
Tooth Brush	8	2	10
Shampoo	6	1	7
Blade	1	9	10
Total	60	51	111

Df8 Calculated  $\chi^2$  value 43.41 Table value at 5% level 15.51

The above table contains items of cosmetics which have been grouped according to the nature of items and the extent of price difference between Ponni and Chamundi. Of the hundred and eleven cosmetic items taken up for study the price difference of sixty items are upto thirty paise and that of fifty one items are above thirty paise.

Chi square test was applied in order to study the significance of the relationship between the group and the extent of price advantage. The calculated  $x^2$  value is greater than the table value at 5% level. Therefore in cosmetics, the price difference according to the nature of items is significant.

Thus we conclude that cosmetic items are cheaper in Ponni than in Chamundi.

## 6.2 TEXTILES

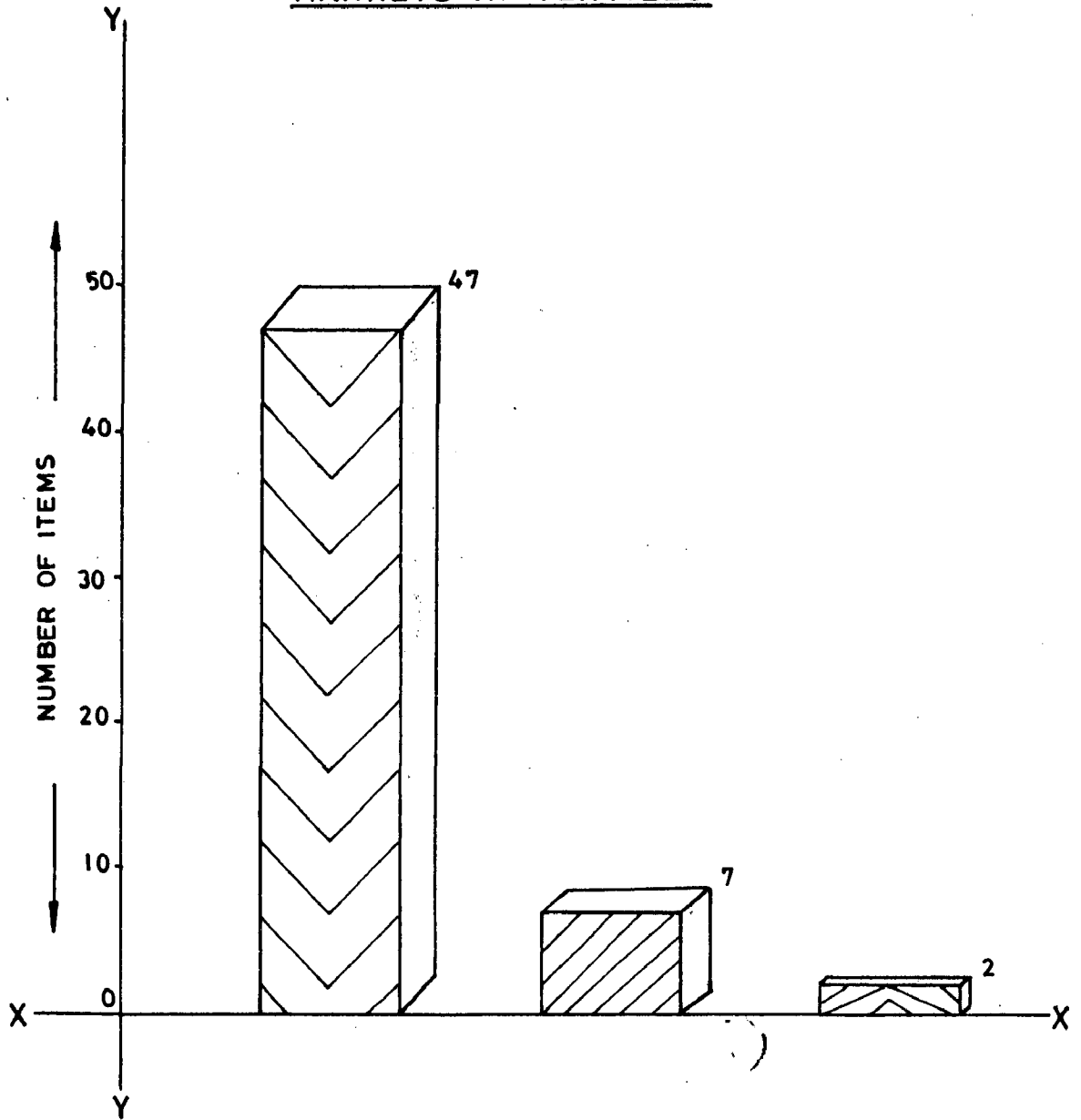
Fifty six brands of textiles have been taken up for study. These brands have been divided into the following groups of items: Voil Dhothi, Cotton suitings, Polyster sarees, Polyster suitings, Polyster shirtings and Cotton sarees.

TABLE 42 NUMBER AND PERCENTAGE OF TEXTILES WITH AND WITHOUT PRICE ADVANTAGE IN PONNI AND CHAMUNDI

Items	Brands with price advantage in Ponni		Brands with price advantage in Chamundi		Brands with equal price		Total
	Number	Percentage	Number	Percentage	Number	Percentage	
Voil Dhothi	5	100	0	0	0	0	5
Cotton Suitings	8	89	1	11	0	0	9
Polyster Sarees	9	70	2	15	2	15	13
Polyster Suitings	9	100	0	0	0	0	9
Polyster Shirtings	8	67	4	33	0	0	12
Cotton Sarees	8	100	0	0	0	0	8
Total	47	84	7	13	2	3	56


Table 42 reveals that forty seven brands have price advantage in Ponni, seven brands have price advantage in Chamundi and two items have equal price in Ponni and Chamundi accounting for eighty four percent, thirteen percent and three percent respectively.

PRICE ADVANTAGE IN BOTH THE SUPER  
MARKETS IN TEXTILES



 PRICE ADVANTAGE  
IN PONNI

 PRICE ADVANTAGE  
IN CHAMUNDI

 EQUAL PRICE

The brands which have price advantage in Chamundi are LMC Mull, Lakshmi Mills Sripriya, and Vimal Monalisa under polyster sarees, S.Kumars impression, Binny bintex, Meenatchi Chancellor, and Premier Dolphin under polyster shirtings. The reasons for such price advantage are

i Chamundi purchases these brands from local wholesalers whereas Ponni purchases them from National Cooperative Consumer Federation through the District wholesale stores increasing the cost of distribution and purchase.

ii Out of the fifty six items taken up for study 47 items have price advantage in Ponni which charges only 15% margin of profit unlike Chamundi whose margin ranges from 20% to 25%. Low margin is charged on fast moving items and high margin on slow moving items.

Next the price difference for each item under the above heads were calculated. The price difference ranges from paise 10 to Rs 26. The average price difference was Rs 3.79. 20 items have price advantage above this average and the price advantage in 36 items are below average. In order to ascertain the significance of price difference the differential 't' test has been applied and the results are given in table 43.

TABLE 43 PRICE ADVANTAGE OF PONNI OVER CHAMUNDI IN TEXTILES:  
't' test

Items	Average price advantage in Ponni Rs P	S.E.D. Rs P	't' value	Table 't' value at 5% level	Significance
Voil Dhothi	6.06	1.43	4.24	2.78	Significant
Cotton Suitings	0.48	0.05	9.60	2.31	Significant
Polyster Sarees	4.63	2.17	2.13	2.18	Not Significant
Polyster Suitings	5.74	0.81	7.09	2.31	Significant
Polyster Shirtings	2.52	1.26	2.00	2.20	Not Significant
Cotton Sarees	3.28	0.89	3.68	2.45	Significant
Overall	3.79	0.74	5.12	2.57	Significant

Table 43 reveals that among the six groups of textiles taken up for study four items i.e., voil dhothi, cotton shirtings, polyster suitings and cotton sarees have significant price advantage in Ponni over Chamundi. In two items i.e., polyster sarees and polyster shirtings, the price advantage in Ponni is not significant. Overall price advantage in textiles in Ponni is also significant.



Next the extent of price advantage in Ponni is studied according to the group of textile items.

TABLE 44 NATURE OF ITEMS AND EXTENT OF PRICE ADVANTAGE IN TEXTILES: Chi Square Test

Items	Upto Rs 2.99	Rs 3.00 to Rs 5.99	Rs 6 and above	Total
Voil Dhothi	0	3	2	5
Cotton Shirtings	9	0	0	9
Polyster Suitings	7	3	3	13
Polyster Sarees	1	4	5	9
Polyster Shirtings	7	2	3	12
Cotton Sarees	4	2	2	8
Total	28	13	15	56

Df10 Calculated  $x^2$  value 23.90 Table value at 5% level 18.31

In the above table, the items of textiles have been grouped according to the nature of items and the extent of price difference per meter between Ponni and Chamundi. Out of fifty six items taken up for study, the price differences in twenty eight items are upto Rs 2.99, that in thirteen items are between Rs 3.00 and 5.99 and that in fifteen items above six rupees.

Chi square test was applied in order to study the significance of the relationship between the group and the extent of price advantage. The calculated  $x^2$  value is greater than the table value at 5% level. Therefore in textiles the price difference according to the nature of items is significant.

Thus it is inferred that textiles are cheaper in Ponni than in Chamundi.

### 6.3 STATIONERY

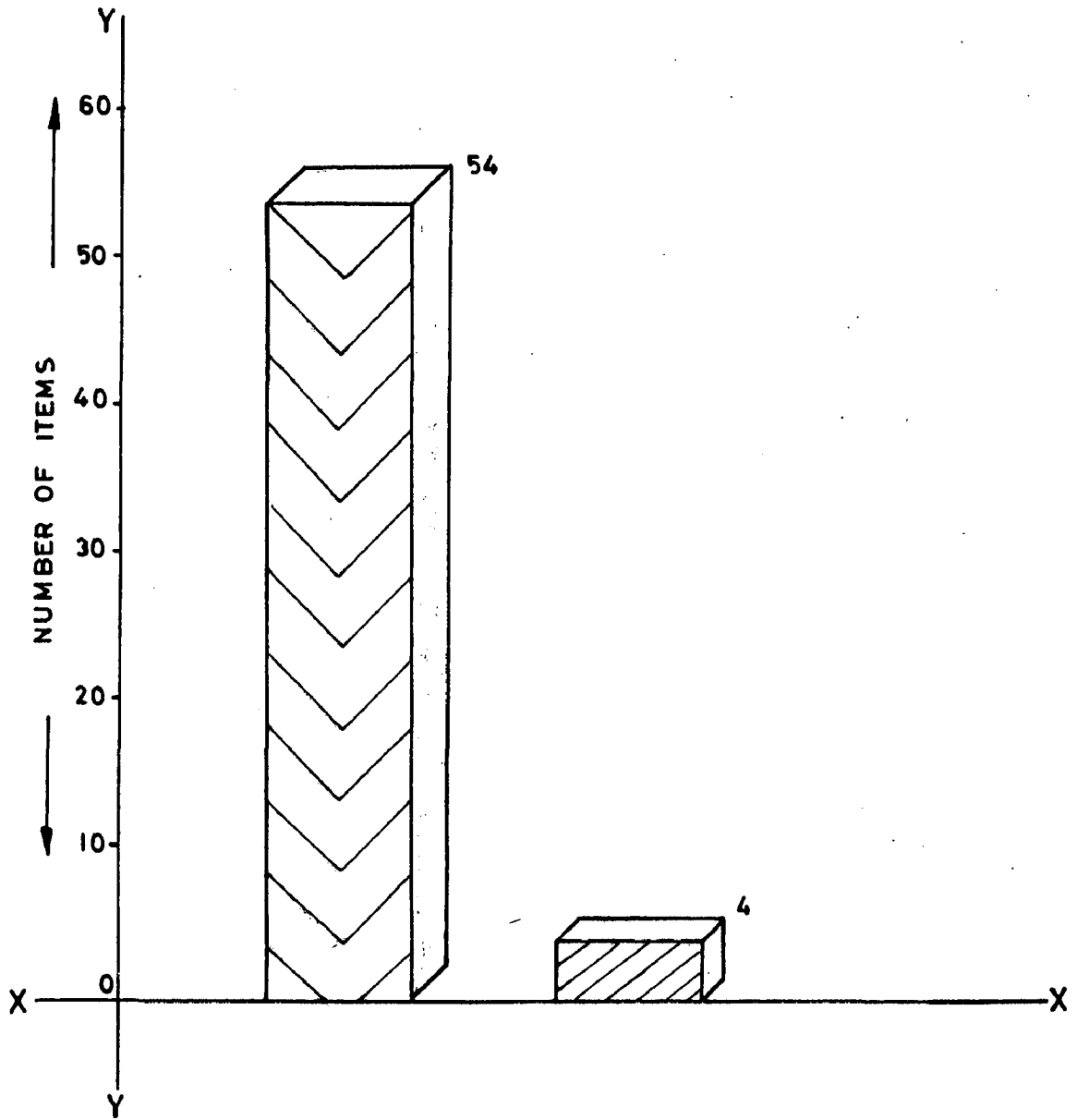
Fifty eight items in stationery have been taken up for study. These items have been divided into the following groups: Ball Pen, Fountain Pen, Fountain Pen ink, Ordinary Pencil, Rubber, Geometry box and others.

TABLE 45 NUMBER AND PERCENTAGE OF STATIONERY ITEMS WITH AND WITHOUT PRICE ADVANTAGE IN PONNI OVER CHAMUNDI

Items	Brands with price advantage in Ponni		Brands with price advantage in Chamundi		Brands with equal price		Total
	Number	Percentage	Number	Percentage	Number	Percentage	
Ball Pen	8	100	0	0	0	0	8
Fountain Pen	5	71	2	29	0	0	7
Fountain Pen Ink	6	100	0	0	0	0	6
Ordinary Pencil	8	100	0	0	0	0	8
Rubber	9	100	0	0	0	0	9
Geometry Box	5	100	0	0	0	0	5
Others	13	87	2	13	0	0	15
Total	54	93	4	7	0	0	58

Table 45 reveals that out of fifty eight samples taken up for study in stationery fifty four items have price advantage in Ponni accounting for ninety three percent, four items have price advantage in Chamundi accounting for seven percent.

PRICE ADVANTAGE IN BOTH THE SUPER  
MARKETS IN STATIONERY



 PRICE ADVANTAGE  
IN PONNI

 PRICE ADVANTAGE  
IN CHAMUNDI

Items which have price advantage in Chamundi are camlin 36, camlin 9 under fountain pen, kalai pins and bell rubber stamp under other items. The reasons for such price difference are

- i In Chamundi stationery items are slow moving causing stock accumulation. Since the stock being old, old price is charged on these products.
- ii To dispose off the old stock 10% discount has been allowed on these articles.

Next the price difference for each item under the above heads were calculated. The price difference ranges between paise 10 and Rs 3.50. The average price advantage was Rs 0.73. 40 items have price advantage below this average and the price advantage of 18 items is above this average. In order to ascertain the significance of price difference, the differential 't' test has been applied and the results are given in table 46.

TABLE 46 PRICE ADVANTAGE OF PONNI OVER CHAMUNDI IN STATIONERY:  
't' test

Items	Average price advantage in Ponni Rs P	S.E.D. Rs P	't' value	Table 't' value at 5% level	Significance
Ball Point Pen	0.59	0.20	2.95	2.37	Significant
Fountain Pen	0.58	0.39	1.49	2.45	Not Significant
Fountain Pen Ink	0.95	0.31	3.03	2.57	Significant
Ordinary Pencil	0.20	0.22	0.91	2.37	Not Significant
Rubber	0.29	0.04	7.25	2.31	Significant
Geometry Box	2.03	0.45	4.51	2.57	Significant
Others	0.48	0.17	2.82	2.15	Significant
Overall	0.73	0.24	3.04	2.45	Significant

Table 46 indicates that among the seven groups of stationery taken for study six items i.e., Ball point pen, Fountain Pen ink, Rubber, Geometry box and others have significant price advantage in Ponni over Chamundi. In two items i.e., Fountain pen and ordinary pencil the price advantage in Ponni is not significant. Overall price advantage in stationery in Ponni is also significant.

Next the extent of price advantage is studied according to the group of stationery items.

TABLE 47 NATURE OF ITEMS AND EXTENT OF PRICE ADVANTAGE IN STATIONERY: Chi Square Test

Items	Upto paise 75	Paise 76 and above	Total
Ball Point Pen	6	2	8
Fountain Pen	4	3	7
Fountain Pen Ink	4	2	6
Ordinary Pencil	8	0	8
Rubber	9	0	9
Geometry Box	0	5	5
Others	10	5	15
Total	41	17	58

Df6 Calculated  $x^2$  value 28.21 Table value at 5% level 12.59

In the above table items of stationery have been grouped according to their nature and the extent of price difference between Ponni and Chamundi. Of the 58 items taken up for study, 41 items have price difference upto 75 paise and 17 items above 76 paise.

The calculated  $x^2$  value is greater than the table value at 5% level. Therefore in stationery the price difference according to the nature of items is significant.

Thus it is concluded that the price of stationery items is lower in Ponni than in Chamundi.

#### 6.4 MEDICINES

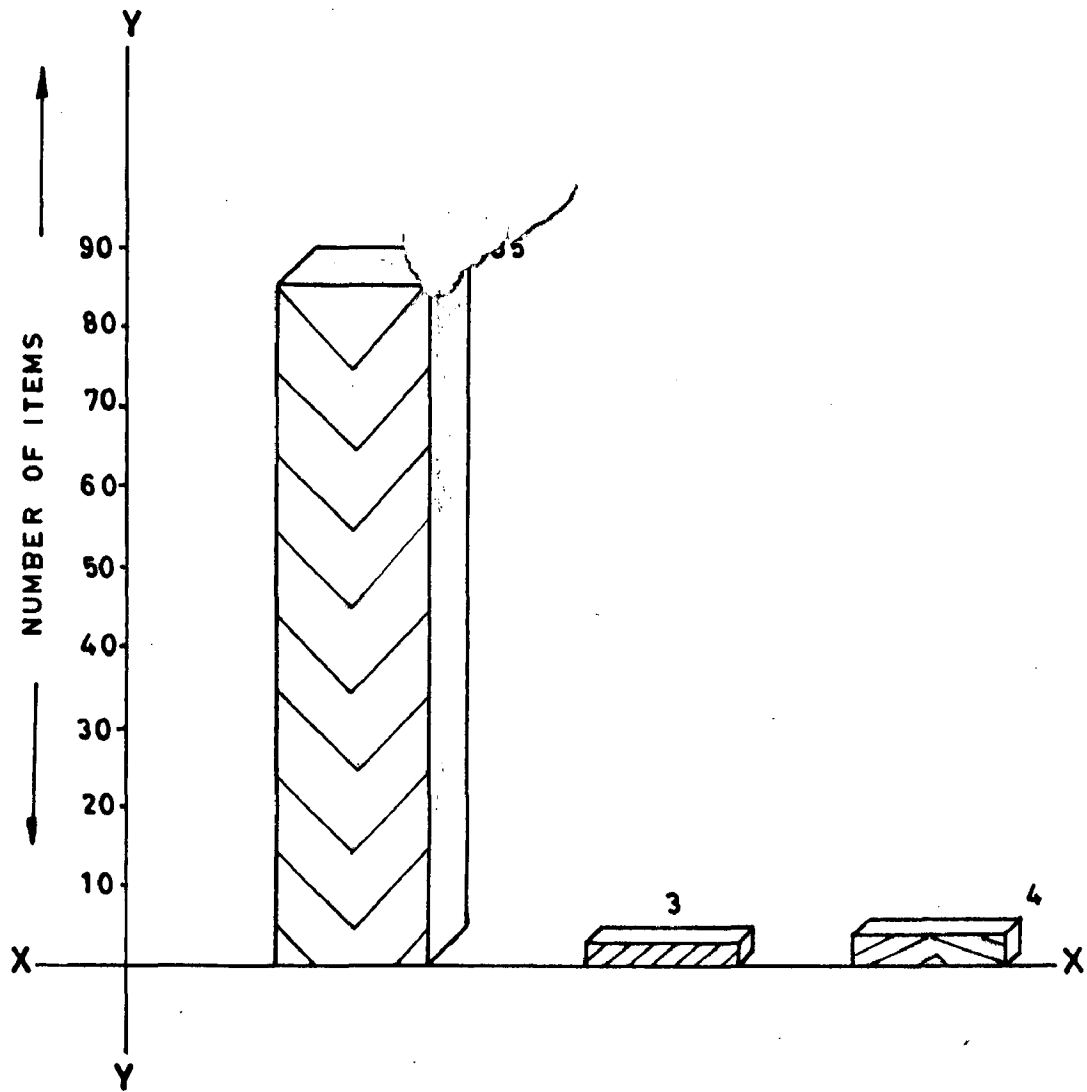
Ninety two sample items in medicine have been taken up for study which have been divided into the following groups: Ointment and Cream, capsules, injection, tablets, syrup and liquid, and instruments.

TABLE 48 NUMBER AND PERCENTAGE OF MEDICINE ITEMS WITH AND WITHOUT PRICE ADVANTAGE IN PONNI AND CHAMUNDI

Items	Brands with price advantage in Ponni		Brands with price advantage in Chamundi		Brands with equal price		Total
	Number	Percentage	Number	Percentage	Number	Percentage	
Ointment and Cream	14	100	0	0	0	0	14
Capsules	9	82	1	9	1	9	11
Injection	14	100	0	0	0	0	14
Tablets	18	85	1	5	2	10	21
Syrup and Liquid	16	88	1	6	1	6	18
Instruments	14	100	0	0	0	0	14
Total	85	92	3	3	4	5	92




PRICE ADVANTAGE IN BOTH THE SUPERMARKETS  
IN MEDICINE



 PRICE ADVANTAGE IN PONNI

 PRICE ADVANTAGE IN CHAMUNDI

 EQUAL PRICE

The above table reveals that of the ninety two items taken up for study in medicine eighty five brands have price advantage in Ponni, three items have price advantage in Chamundi representing ninety two percent and three percent respectively. ] p. 145

Three brands namely Amodux, Astrim, Bronko have price advantage in Chamundi due to the following reasons.

- i These three medicines were purchased 6 months earlier than Ponni. As such the prices are lower in Chamundi.
- ii Of the ninety two brands taken up for study, the remaining eighty nine brands have price advantage in Ponni because it charges only 3% margin whereas 5% is charged in Chamundi.

Next the price difference for each item under the above heads were calculated. The price difference ranges between paise 5 to Rs 10. The average price difference was 81 paise. 64 items have price advantage below this average and the price advantage of 28 items is above this average. In order to ascertain the significance of price difference, the differential 't' test has been applied and the results are given in table 49).

TABLE 49 PRICE ADVANTAGE IN PONNI OVER CHAMUNLI IN MEDICINE:  
't' test

Items	Average price advantage in Ponni	S.E.D.	't' value	Table 't' value at 5% level	Significance
	Rs P	Rs P			
Ointment and Cream	0.80	0.21	3.81	2.16	Significant
Capsules	0.16	0.07	2.29	2.23	Significant
Injection	0.86	0.23	3.73	2.16	Significant
Tablets	0.10	0.02	5.00	2.09	Significant
Syrup and Liquid	0.94	0.18	5.22	2.11	Significant
Instruments	2.01	0.68	2.96	2.16	Significant
Overall	0.81	0.28	2.89	2.57	Significant

The table indicates that all the six items of medicine taken up for study have significant price advantage in Ponni over Chamundi. Overall price advantage in medicine in Ponni is also significant.

Next the extent of price advantage in Ponni is studied according to the group of medicine items.

TABLE 50 NATURE OF ITEMS AND EXTENT OF PRICE ADVANTAGE IN  
MEDICINE: Chi Square Test

Items	Upto paise 15	Paise 16 to 30	Paise 31 to 45	Paise 46 and above	Total
Ointment	1	4	2	7	14
Capsules	7	1	1	2	11
Injection	3	1	2	8	14
Tablets	13	8	0	0	21
Syrup and Liquid	2	1	3	12	18
Instruments	0	4	0	10	14
Total	26	19	8	39	92

Df15 Calculated  $x^2$  value 51.68 Table value at 5% level 25.0

In the above table, the items of medicine have been grouped according to the nature of items and the extent of price difference between Ponni and Chamundi. Of the ninety two items taken up for study, the price differences of twenty six items are upto fifteen paise, that of nineteen items are between 16 paise and 30 paise, that in eight items are between thirty one and forty five paise and that in thirty nine items forty six paise and above.

The calculated  $x^2$  value is greater than the table value at 5% level. Therefore in medicine the price difference according to the nature of items is significant.

Thus we infer that items of medicine are cheaper in Ponni than in Chamundi.

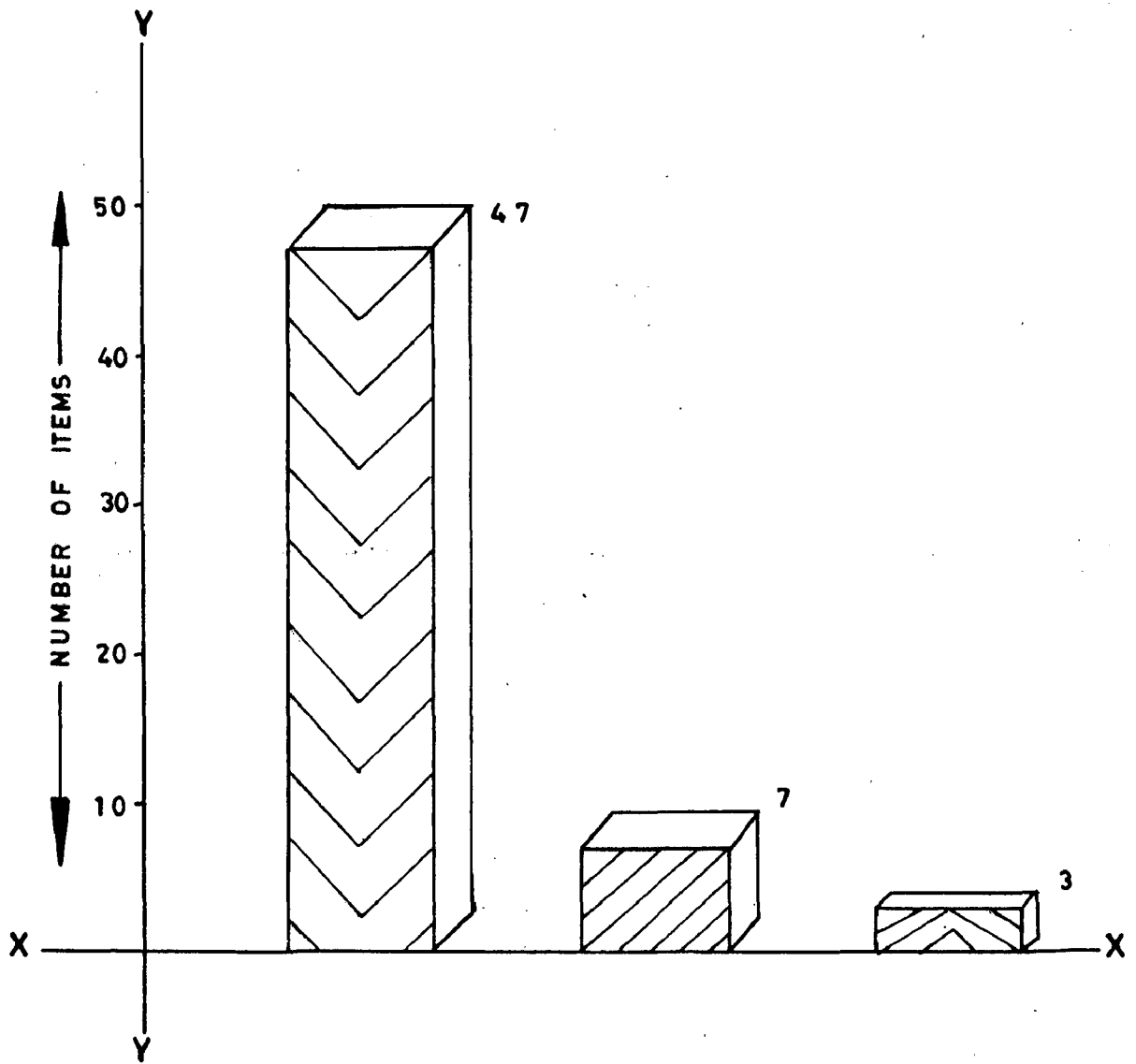
### 3.5 PROVISIONS

Fifty seven items in provisions have been taken up for study which have been divided into the following groups: Coffee and Tea, Dal, Flour, Rice, Oil and Sundries.

TABLE 51 NUMBER AND PERCENTAGE OF PROVISIONS ITEMS WITH AND WITHOUT PRICE ADVANTAGE IN PONNI AND CHAMUNDI

Items	Brands with price advantage in Ponni		Brands with price advantage in Chamundi		Brands with equal price		Total
	Number	Percentage	Number	Percentage	Number	Percentage	
Coffee and Tea	14	93	1	7	0	0	15
Dal	7	88	0	0	1	12	8
Flour	5	100	0	0	0	0	5
Rice	5	71	0	0	2	29	7
Oil	4	44	5	56	0	0	9
Sundries	12	93	1	7	0	0	13
Total	47	82	7	12	3	6	57

PRICE ADVANTAGE IN BOTH THE SUPERMARKETS  
IN PROVISIONS



 BRANDS WITH PRICE ADVANTAGE IN PONNI

 BRANDS WITH PRICE ADVANTAGE IN CHAMUNDI

 BRANDS WITH EQUAL PRICE

Table 7 reveals that forty seven items accounting for eighty two percent have price advantage in Ponni, seven items accounting for thirteen percent have price advantage in Chamundi and three brands representing five percent have equal price in both the super markets, out of eighty two samples taken up for study in provisions. ] p. 149

The seven brands which have price advantage in Chamundi are three roses tea 500 gm, True Savorite, Dalda, Gingli Oil, Groundnut Oil, Coconut Oil, and Refined Oil. The attributing factors are

- i Chamundi purchases tea directly from the source of production, Nilgris.
- ii Oils are locally purchased when prices are low.
- iii Margin of profit added to price is only 3% whereas Ponni charges 5%.
- iv The benefit of local purchase like low transport cost and low leakage enables Chamundi to charge lower price than Ponni.

Next the price difference for each item under the above heads were calculated. The price difference ranges between paise 5 and Rs 6.66. The average price difference was Rs 0.58.

36 items have price advantage below this average and 21 items above this average. In order to ascertain the significance of price difference, the differential 't' test has been applied and the results are given in table 52.

TABLE 52 PRICE ADVANTAGE IN PONNI OVER CHAMUNDI IN PROVISIONS:  
't' test

Items	Average price advantage in Ponni	S.E.D.	't' value	Table 't' value at 5% level	Significance
	Rs P	Rs P			
Coffee and Tea	0.47	0.15	3.13	2.15	Significant
Dal	0.46	0.11	4.18	2.37	Significant
Flour	0.50	0.18	2.78	2.78	Significant
Rice	0.31	0.11	2.82	2.45	Significant
Oil	1.35	1.00	1.35	2.31	Significant
Sundries	0.41	0.12	3.42	2.18	Significant
Overall	0.58	0.11	5.27	2.57	Significant

Table 52 reveals that among the six items of provisions taken up for study, five items i.e., coffee and tea, dal, flour, rice and sundries, have significant price advantage in Ponni over Chamundi. In one item, oil, the price advantage in Ponni is not significant. Overall price advantage in provisions in Ponni is also significant.



Next the extent of price advantage in Ponni is studied according to the group of provision items.

TABLE 53 NATURE OF ITEMS AND EXTENT OF PRICE ADVANTAGE IN PROVISIONS: Chi Square Test

Items	Upto paise 40	Paise 41 to 80	Paise 81 and above	Total
Coffee and Tea	9	3	3	15
Dal	4	4	0	8
Flour	2	2	1	5
Rice	4	3	0	7
Oil	3	0	6	9
Sundries	6	5	2	13
Total	28	17	12	57

Df10 Calculated  $x^2$  value 19.48 Table value at 5% level 18.31

In the above table, the items of provisions have been grouped according to their nature and extent of price difference between Ponni and Chamundi. Out of fifty seven items taken up for study, the price difference of twenty eight items range upto forty paise, that of seventeen items lie between forty one and eighty paise and that of twelve items are above eighty paise.

The calculated  $x^2$  value is greater than the table value at 5% level. Therefore in provisions the price difference according to the nature of items is significant.

Thus it is inferred that prices of provision items are lower in Ponni than in Chamundi.

### 6.6 LIQUOR

Fifty one brands have been taken up for study in liquor which have been divided into the following groups: Brandy, Whisky, Rum, and Beer.

TABLE 54 NUMBER AND PERCENTAGE OF LIQUOR ITEMS WITH AND WITHOUT PRICE ADVANTAGE IN PONNI OVER CHAMUNDI

Items	Brands with price advantage in Ponni		Brands with price advantage in Chamundi		Brands with equal price		Total
	Number	Percentage	Number	Percentage	Number	Percentage	
Brandy	12	100	0	0	0	0	12
Whisky	25	100	0	0	0	0	25
Rum	9	100	0	0	0	0	9
Beer	5	100	0	0	0	0	5
Total	51	100	0	0	0	0	51

Table 54 reveals that all the brands of all the items of liquor taken up for study have price advantage only in Ponni. There is not even a single brand with price advantage in Chamundi nor with equal price because the margin of profit added to the price in Chamundi is much more than in Ponni. Ponni charges 10% margin whereas Chamundi charges 25%. Besides transport cost is nil in case of Ponni whereas it is added in the case of Chamundi.

Next the price difference for each item under the above heads were calculated. The price difference ranges from paise 50 to Rs 6.00. The average price difference was Rs 1.70. 23 items have price advantage below this average and the price advantage of 28 items is above this average. In order to ascertain the significance of price difference, the differential 't' test has been applied and the results were given in table 55.

TABLE 55 PRICE ADVANTAGE IN PONNI OVER CHAMUNDI IN LIQUOR:  
't' test

Items	Average price advantage in Ponni	S.E.D.	't' value	Table 't' value at 5% level	Significance
	Rs P	Rs P			
Brandy	1.65	0.27	6.11	2.20	Significant
Whisky	2.57	0.29	8.86	2.06	Significant
Rum	1.67	0.32	5.22	2.31	Significant
Beer	0.90	0.25	3.60	2.78	Significant
Overall	1.70	0.33	5.15	3.18	Significant

The above table reveals that all the four items of liquor taken up for study have significant price advantage in Ponni over Chamundi. Overall price advantage in liquor in Ponni is also significant.

Next the extent of price advantage in Ponni is studied according to the group of liquor items.

TABLE 56 NATURE OF ITEMS AND EXTENT OF PRICE ADVANTAGE IN LIQUOR: Chi Square Test

Items	Upto Rs 1.50	Rs 1.51 to Rs 3.00	Rs 3.01 and above	Total
Brandy	7	4	1	12
Whisky	7	8	10	25
Rum	4	4	1	9
Beer	5	0	0	5
Total	23	16	12	51

Df6 Calculated  $x^2$  value 14.58 Table value at 5% level 12.59

In the above table, items of liquor have been grouped according to their nature and extent of price difference between Ponni and Chamundi. Out of fifty one items taken up for study, the price difference in twenty three items are upto Rs 1.50, that of sixteen items are between Rs 1.51 and Rs 3,

and that in twelve items above Rs 3.

The calculated  $x^2$  value is greater than the table value at 5% level. Therefore in liquor the price difference according to the nature of items is significant.

Thus we can infer that the liquor items are cheaper in Ponni than in Chamundi.

### B.7 MISCELLANEOUS ITEMS

In this group, the items not included in any of the previous groups have been included. As the number of items in each of these sections are small they have been grouped as miscellaneous.

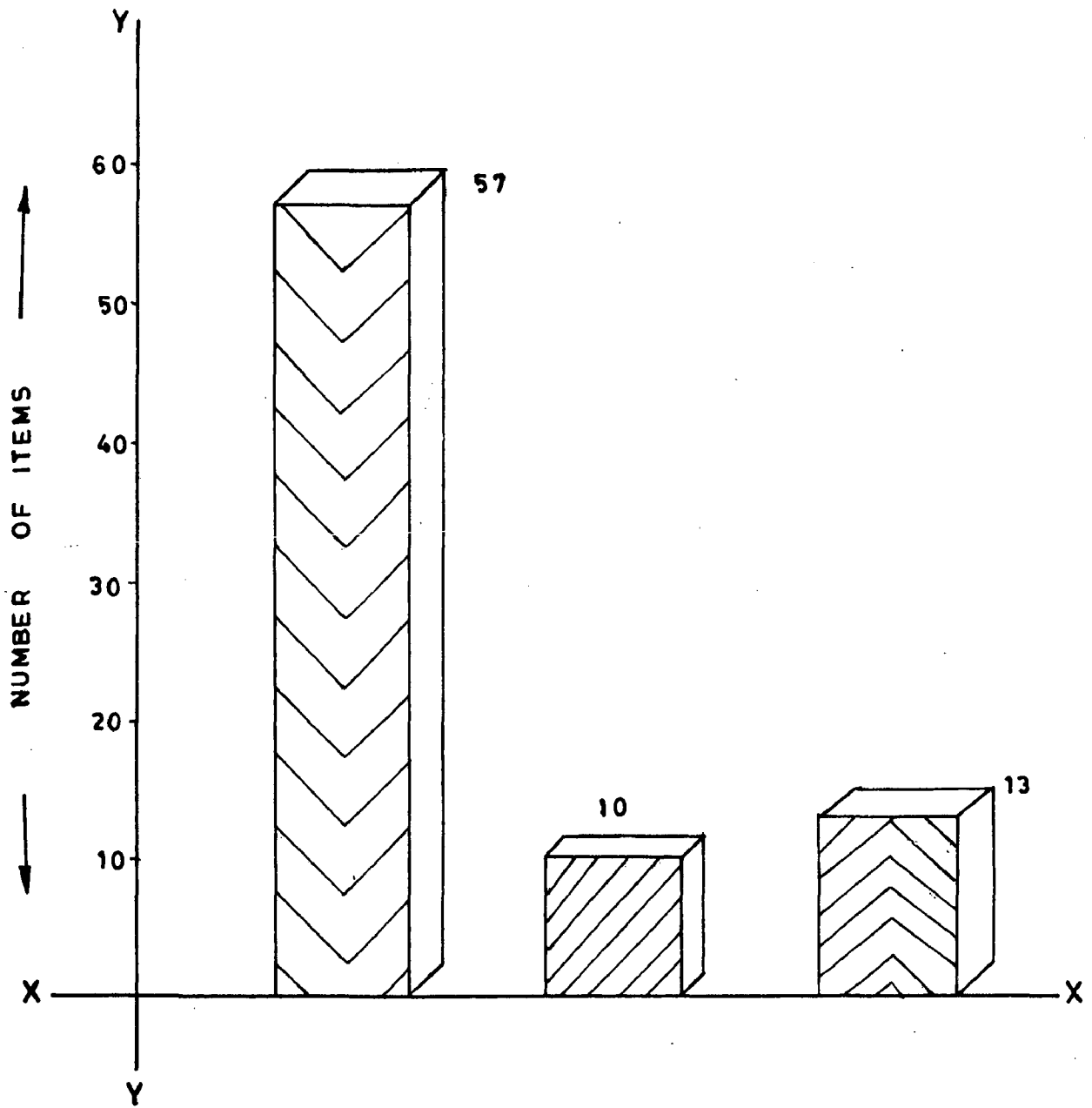
Eighty samples in miscellaneous sections have been taken up for study which have been divided into the following groups: Vegetables, nonvegetarian, chocolate, biscuit, juice, beverages, vegetarian hotel and nonvegetarian hotel. }

TABLE 57 NUMBER AND PERCENTAGE OF MISCELLANEOUS ITEMS WITH AND WITHOUT PRICE ADVANTAGE IN PONNI AND CHAMUNDI

Items	Brands with price advantage in Ponni		Brands with price advantage in Chamundi		Brands with equal price		Total
	Number	Percentage	Number	Percentage	Number	Percentage	
Vegetables	6	42	4	29	4	29	14
Nonvegetarian Items	2	33	0	0	4	67	6
Chocolate	6	86	1	14	0	0	7
Biscuit	8	73	1	9	2	18	11
Juice	6	75	0	0	2	25	8
Beverages	13	93	1	7	0	0	14
Vegetarian Hotel Items	9	75	3	25	0	0	12
Nonvegetarian Hotel Items	7	88	0	0	1	12	8
Total	57	71	10	13	13	16	80

Table 57 reveals that of eighty brands taken up for study under miscellaneous items, fifty seven items have price advantage in Ponni, ten items have price advantage in Chamundi and prices of thirteen items are equal in both super markets representing seventy one percent, thirteen percent, and sixteen percent respectively.

PRICE ADVANTAGE IN BOTH THE SUPER  
MARKETS IN MISCELLANEOUS



 PRICE ADVANTAGE IN PONNI

 PRICE ADVANTAGE IN CHAMUNDI

 EQUAL PRICE

The items which have price advantage in Chamundi are cabbage, senai, green chillies and tomato under vegetables, Parry's orange chocolate, viva 450 gm under chocolate and Beverages respectively, Mysore Bagu, Zilabi, and laddu under vegetarian Hotel items. The contributing factors for the price difference are

- i Most of the English vegetables like cabbage and tomato, are purchased by Chamundi directly from the source of production, Bangalore and Nilgris. But Ponni usually make local purchases of vegetables and occasionally go for Bangalore and Nilgris for english vegetables.
- ii Chamundi charges a lower margin for the above hotel items though generally their margin is higher than that of Ponni in all other items.
- iii Parry's orange chocolate and viva 450 gm are cheaper in Chamundi because of local purchases from wholesalers reducing the cost of transport, packing, damage and forwarding.
- iv Large scale production of Mysore Bagu, Zilabi and laddu reduces the cost of production and hence low price in Chamundi.



Next the price difference for each item under the above heads were calculated. The price difference ranges between paise 5 and Rs 6.33. The average price difference was paise 0.63. 54 items have price advantage below this average and 26 items have price advantage above this average. In order to ascertain the significance of price difference the differential 't' test has been applied and the results are given in table 58.

TABLE 58 PRICE ADVANTAGE IN PONNI OVER CHAMUNDI IN MISCELLANEOUS ITEMS: 't' test

Items	Average price advantage in Ponni	S.E.D.	't' value	Table 't' value at 5% level	Significance
	Rs P	Rs P			
Vegetables	0.02	0.12	0.17	2.16	Not Significant
Nonvegetarian Items	1.17	1.04	1.13	2.57	Not Significant
Chocolate	0.56	0.44	1.27	2.45	Not Significant
Biscuit	0.13	0.03	4.33	2.23	Significant
Juice	0.88	0.30	2.93	2.37	Significant
Beverages	1.17	0.28	4.18	2.16	Significant
Vegetarian Hotel Items	0.32	0.13	2.46	2.20	Significant
Nonvegetarian Hotel Items	0.81	0.24	3.38	2.37	Significant
Overall	0.63	0.16	3.94	2.37	Significant

The table contains the price advantage in sections not included in previous tables. The table reveals that among the eight sections of miscellaneous items taken up for study five items i.e., Biscuit, juice, beverages, nonvegetarian hotel items and vegetarian hotel items have significant price advantage in Ponni over Chamundi. In three items i.e., vegetables, nonvegetables and chocolate, price advantage in Ponni is not significant. The overall price advantage in miscellaneous items in Ponni is also significant.

Next the extent of price advantage in Ponni is studied according to the group of miscellaneous items.

TABLE 59 NATURE OF ITEMS AND EXTENT OF PRICE ADVANTAGE IN MISCELLANEOUS ITEMS: Chi Square Test

Items	Upto paise 30	Paise 31 to 60	Paise 61 and above	Total
Vegetables	7	4	3	14
Nonvegetarian Items	4	0	2	6
Chocolate	2	2	3	7
Biscuit	9	2	0	11
Juice	2	2	4	8
Beverages	3	2	9	14
Vegetarian Hotel Items	5	6	1	12
Nonvegetarian Hotel Items	3	1	4	8
Total	35	19	26	80

Df14 Calculated  $x^2$  value 23.68 Table value at 5% level 23.68

In the above table miscellaneous items have been grouped according to their nature and extent of price difference between Ponni and Chamundi.

The above table reveals that of the eighty items taken up for study the price difference of thirty five items are upto thirty paise, that of nineteen items are between 31 and 60 paise and that in twenty six items is above 61 paise.

The calculated  $x^2$  value is equal to the table value at 5% level. Therefore in miscellaneous items, the price difference according to the nature of items is significant.

Thus we can infer that miscellaneous items are cheaper in Ponni than in Chamundi.

So far the price advantage in Ponni over Chamundi has been studied for each section individually. In each section, the number of items with price advantage in Ponni has been much larger than that in Chamundi and that with equal price. The price advantage in Ponni is significant and there is significant relationship between nature of items or sections and the extent of price advantage.

### 3.8 OVERALL

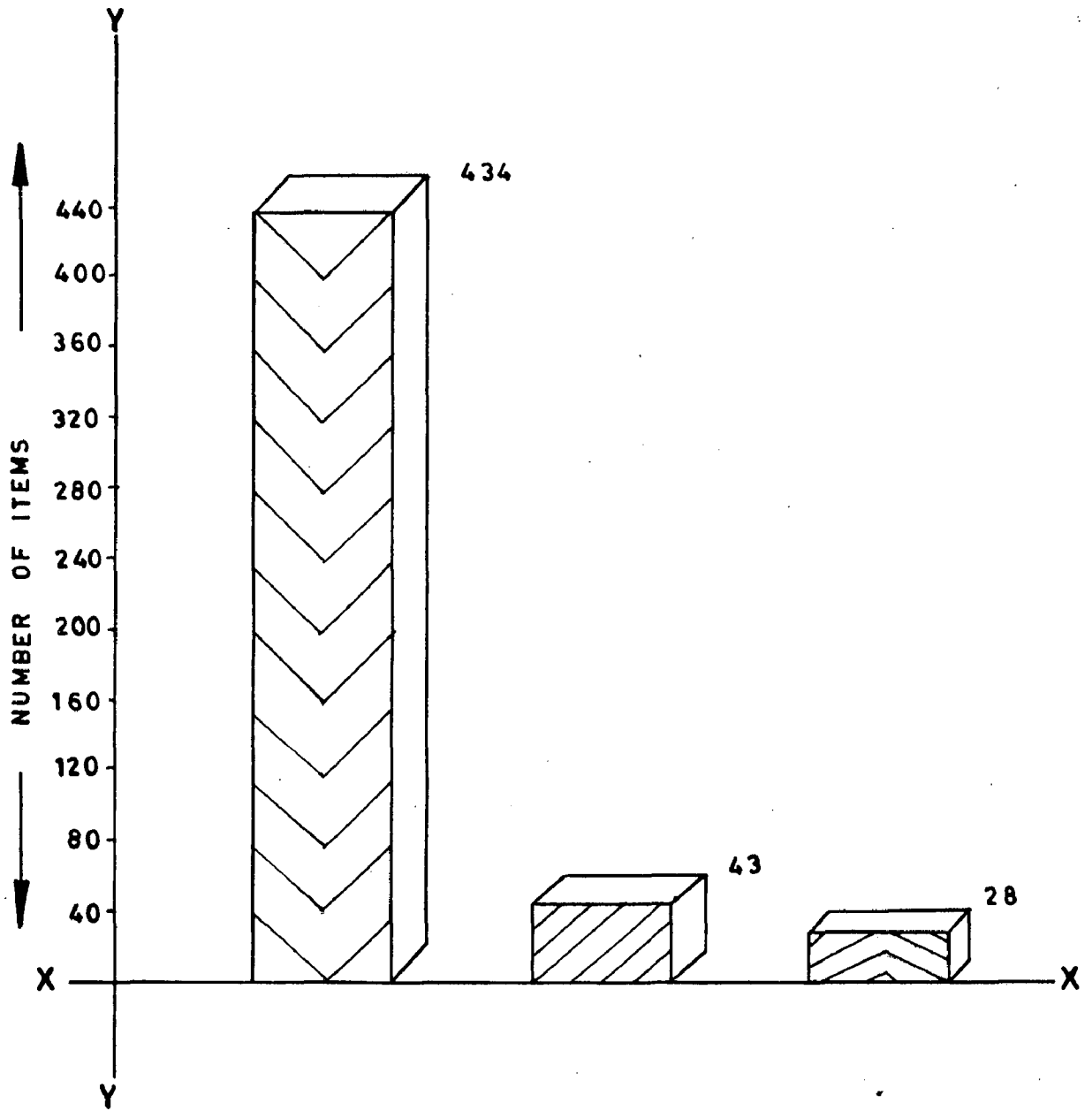
In this section the price advantage is studied for all the sections and items collectively so as to find out ~~the availability and significance~~ of overall price advantage in Ponni.

505 items in total have been taken up for study. These items have been grouped into the following sections: Cosmetics, textiles, stationery, medicine, provisions, liquor and miscellaneous.

TABLE 10 NUMBER AND PERCENTAGE OF ITEMS SECTIONWISE WITH AND WITHOUT PRICE ADVANTAGE IN PONNI AND CHAMUNDI

Sections	Brands with price advantage in Ponni		Brands with price advantage in Chamundi		Brands with equal price		Total
	Number	Percentage	Number	Percentage	Number	Percentage	
Cosmetics	93	84	12	11	6	5	111
Textiles	47	84	7	13	2	3	56
Stationery	54	93	4	7	0	0	58
Medicine	85	92	3	3	4	5	92
Provisions	47	82	7	12	3	6	57
Liquor	51	100	0	0	0	0	51
Miscellaneous	57	71	10	13	13	16	80
<b>Total</b>	<b>434</b>	<b>86</b>	<b>43</b>	<b>9</b>	<b>28</b>	<b>5</b>	<b>505</b>

OVERALL PRICE ADVANTAGE IN BOTH THE  
SUPERMARKETS



 BRANDS WITH PRICE ADVANTAGE IN PONNI

 BRANDS WITH PRICE ADVANTAGE IN CHAMUNDI

 BRANDS WITH EQUAL PRICE

Table 60 reveals that out of 505 items taken up for study, 434 items have price advantage in Ponni, 43 items have price advantage in Chamundi and 28 items have equal price both in Chamundi and Ponni super markets representing 86%, 9% and 5% respectively.

Next the price difference for each item under the above sections were calculated. The price difference ranges from 5 paise to 26 rupees. The average price difference was Rs 1.26. 128 items have price advantage above this average and the price advantage of 377 items is below this average. To ascertain the significance of the price difference, the differential 't' test has been applied and the results are given in table 61.

TABLE 61 OVERALL PRICE ADVANTAGE IN PONNI OVER CHAMUNDI:  
't' test

Sections	Average price advantage in Ponni Rs P	S.E.D. Rs P	't' value	Table 't' value at 5% level	Significance
Cosmetics	0.56	0.23	2.43	2.31	Significant
Textiles	3.79	0.74	5.12	2.57	Significant
Stationery	0.73	0.24	3.04	2.45	Significant
Medicine	0.81	0.28	2.89	2.57	Significant
Provisions	0.58	0.11	5.27	2.57	Significant
Liquor	1.70	0.33	5.15	3.18	Significant
Miscellaneous	0.63	0.16	3.94	2.37	Significant
Overall	1.26	0.25	5.04	1.94	Significant

The above table reveals that all the sections taken up for study have significant price advantage in Ponni over Chamundi. The overall price advantage in Ponni is also significant.

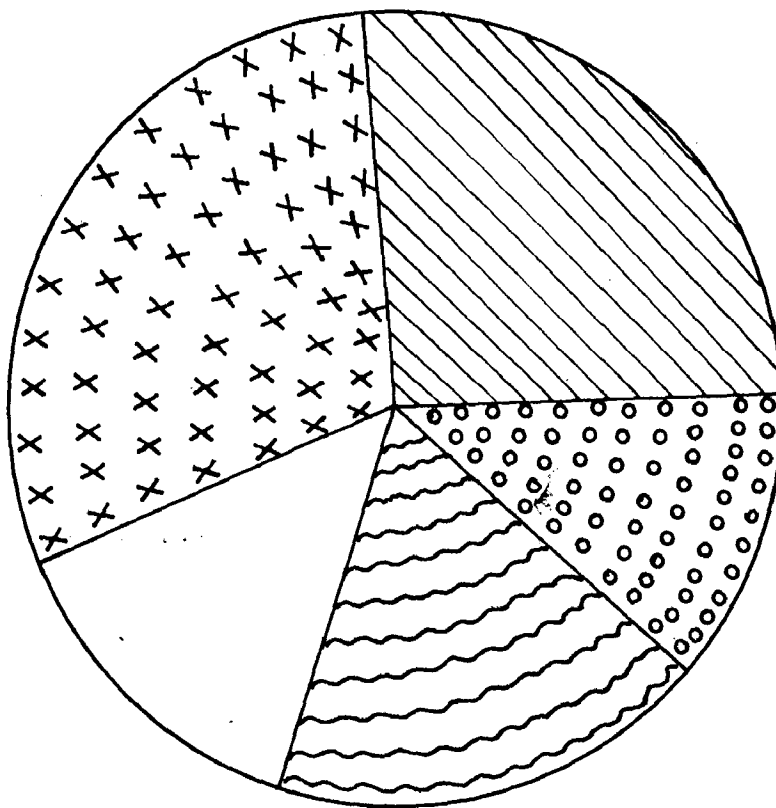
Next, in order to study the extent of price advantage in Ponni collectively for all the sections, as the extent in each section varied, the absolute difference has been converted into percentage. Then the price difference in percentage is studied according to their sections and extent of their price advantage in Ponni over Chamundi in table 62.


TABLE 62 SECTIONWISE PRICE ADVANTAGE IN PONNI OVER CHAMUNDI:  
Chi Square Test


Percentage of price advantage in Ponni						
Sections	0-4.99	5.00-9.99	10.00-14.99	15.00-19.99	20-166.67	Total
Cosmetics	24	28	13	17	11	93
Textiles	21	14	5	4	3	47
Stationery	2	9	8	5	30	54
Medicine	10	28	14	14	19	85
Provisions	23	12	6	3	3	47
Liquor	21	30	0	0	0	51
Miscellaneous	19	7	7	2	22	57
Total	120	128	53	45	88	434


DF24 Calculated  $x^2$  value 150.22 Table value at 5% level 36.42


PRICE ADVANTAGE IN COSMETICS




 0 - 4.99

 20 - 166.67

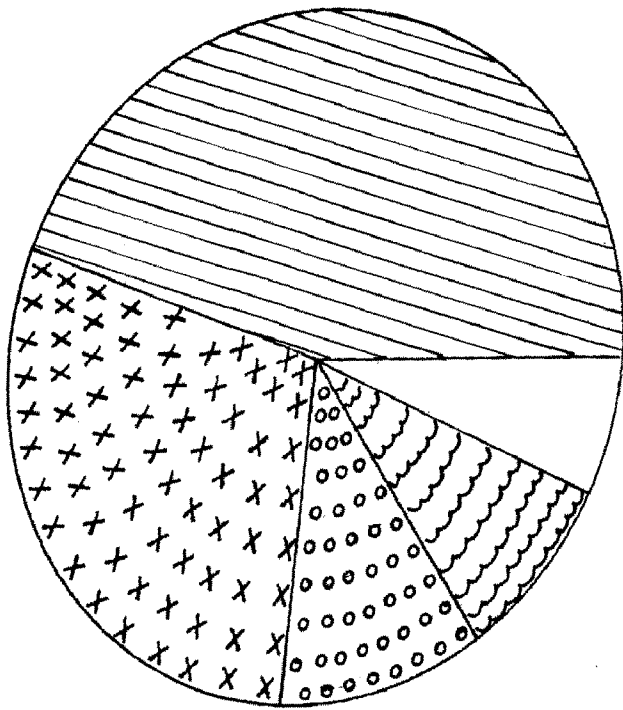
 5 - 9.99


 15 - 19.99


 10 - 14.99





PRICE ADVANTAGE IN TEXTILES




 0-4.99

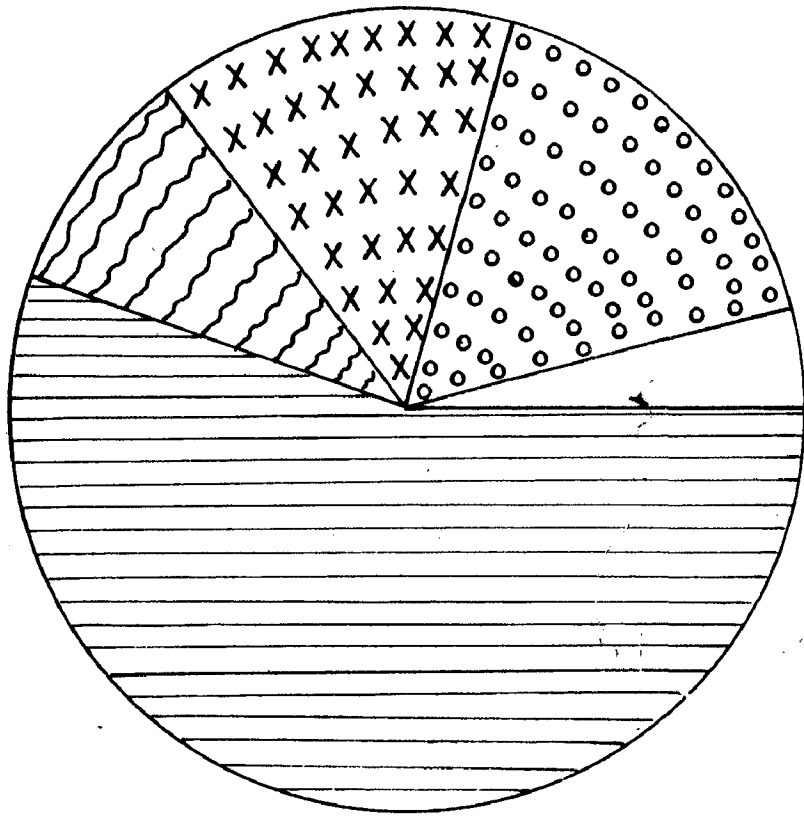
 5-9.99


 10-14.99


 15-19.99


 20-166.67


PRICE ADVANTAGE IN STATIONERY




 10 - 14.99

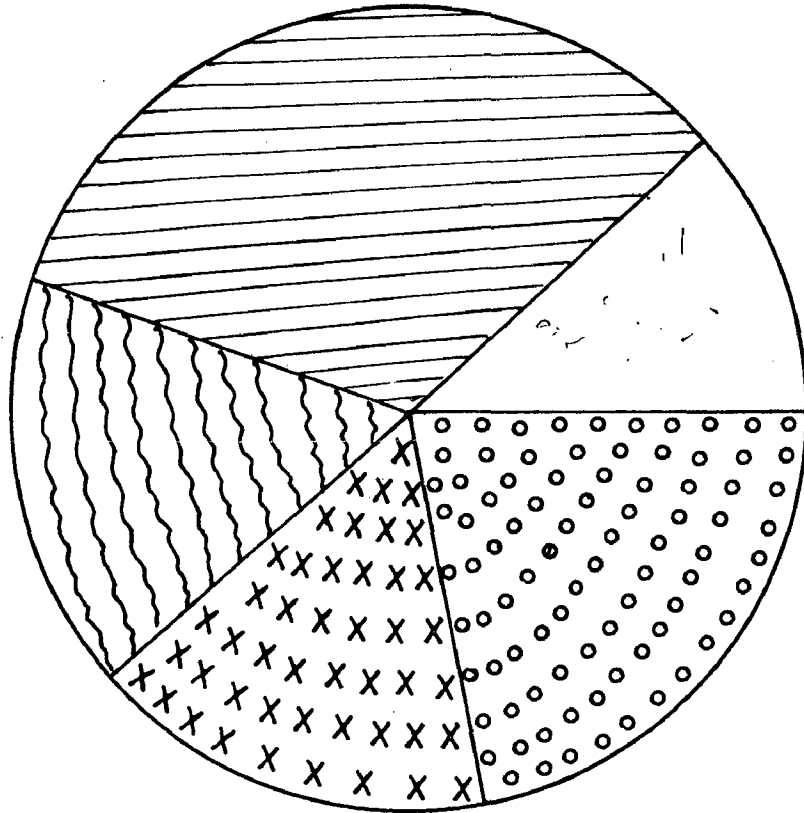
 5 - 9.99


 15 - 19.99


 0 - 4.99


 20 - 166.67


PRICE ADVANTAGE IN MEDICINE




 5-9.99

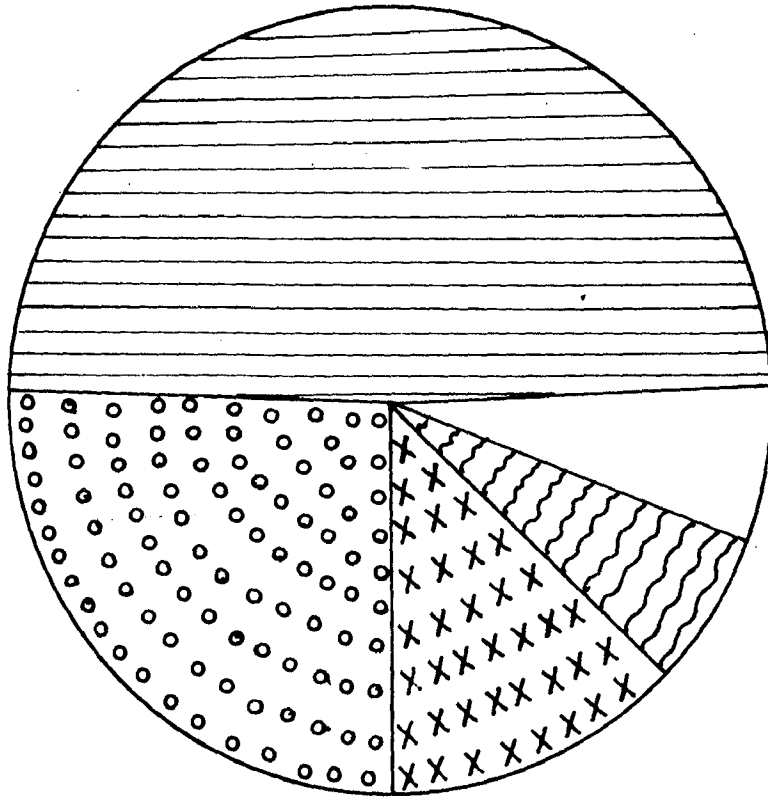
 0-4.99


 15-19.99


 20-166.67


 10-14.99


PRICE ADVANTAGE IN PROVISION




 0 - 4.99

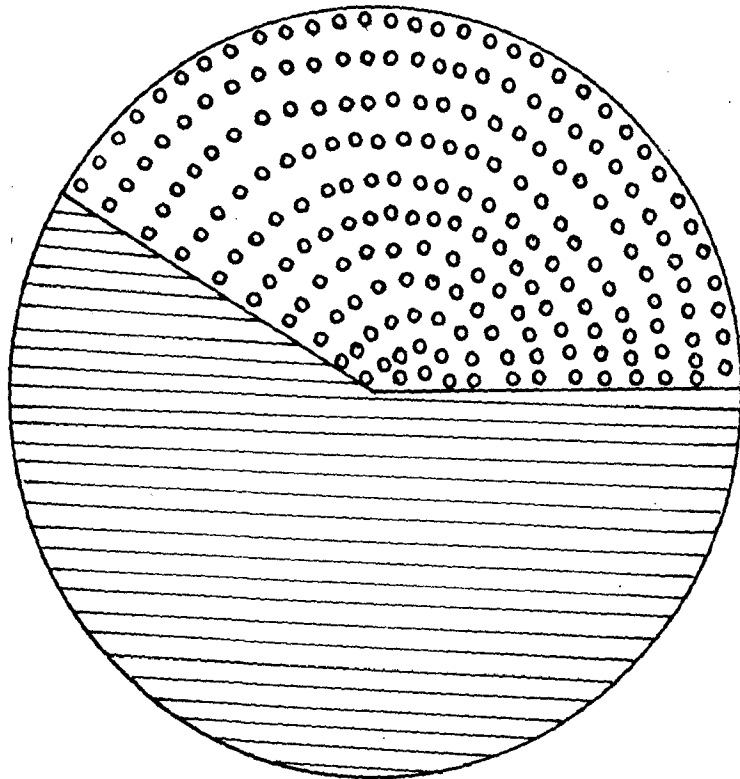
 20 - 166.67

 5 - 9.99

 15 - 19.99

 10 - 14.99

PRICE ADVANTAGE IN LIQUOR

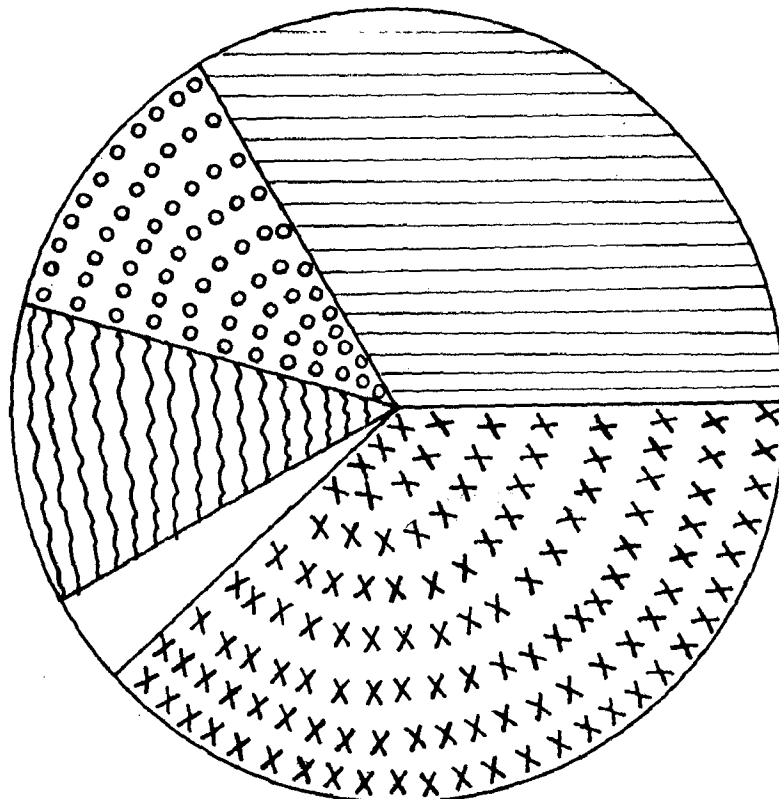



0 - 4.99





5 - 9.99


PRICE ADVANTAGE IN MISCELLANEOUS ITEMS




 5-9.99

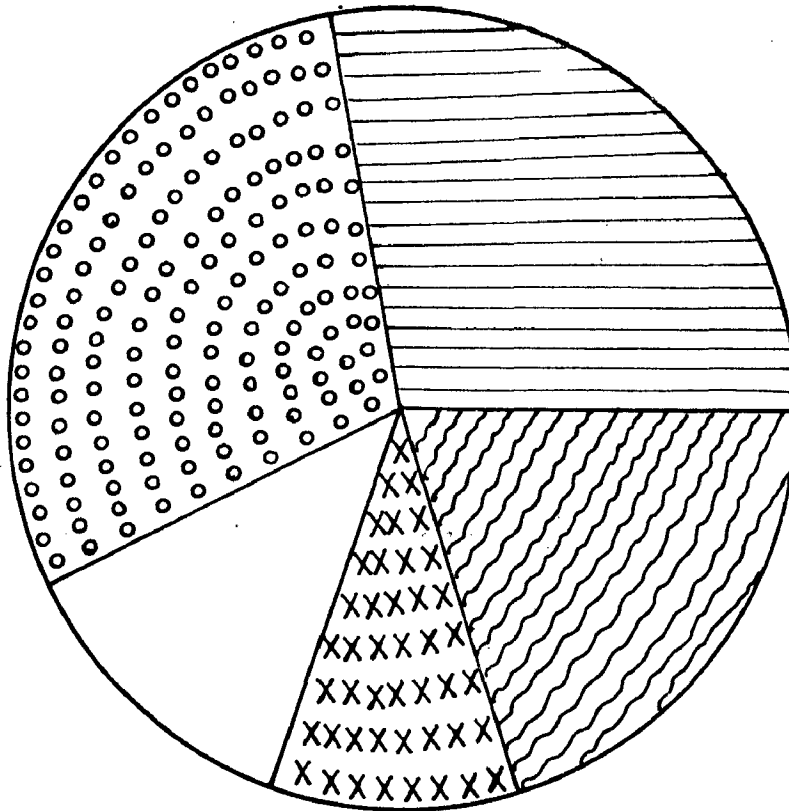
 0-4.99


 10-14.99


 20-166.67


 15-19.99


OVERALL PRICE ADVANTAGE




 5 - 9.99

 0 - 4.99

 10 - 14.99

 20 - 166.67

 15 - 19.99

The above table reveals that of the 505 items taken up for study, 434 items have price advantage in Ponni. Of 434 items 120 items have price advantage upto 4.99%, the price advantage of 128 items range between 5% and 9.99%, 53 items have price advantage ranging from 10% to 14.99%, 45 items have price advantage ranging from 15% to 19.99% and that in 88 items 20% and above.

The calculated chi square value is greater than the table value at 5% level. Therefore the overall price difference according to the nature of items is significant.

Therefore we can infer that prices are lower in Ponni than in Chamundi.

Thus we have seen the items in each section are cheaper in Ponni than in Chamundi individually and collectively.

Therefore the hypothesis formulated that goods are cheaper in

Ponni than in Chamundi is accepted.

] p168



#### 4 SUMMARY

In this chapter the extent of price advantage in Ponni over Chamundi has been studied. 505 brands of 46 items were taken up for study in seven sections. The extent of price difference was studied through the percentage of brands with price advantage in Ponni, the difference in the prices of Ponni and Chamundi and the extent of difference. In order to establish the significance of the advantage and the significance of the relationship between the nature of items and extent of price difference, 't' and 'Chi Square' tests respectively were applied. The study was made individually for seven sections and also collectively.

The study revealed that in all the sections, individually and for the super market collectively there is price advantage in Ponni over Chamundi. In other words, goods are cheaper in Ponni than in Chamundi. Hence the hypothesis formulated was accepted. The extent of price advantage was significant and there was significant relationship between the nature of items and the extent of price advantage.

The reasons for the cheapness of goods in Ponni are:

- i Direct purchase from the source of production
- ii Economies of large scale purchase
- iii Low margin of profit
- iv Use of manual labour in cleaning the goods
- v Low charges due to purchase from nearby sources and
- vi Lower administrative expenses

Though there were a few items with price advantage in Chamundi, they constituted only 9% of the 505 items taken up for study. Thus such items were exceptions to the rule of cheapness of goods in Ponni. The reasons for this deviation have been explained in the appropriate place in this chapter.