

CHAPTER VI

SUMMARY OF FINDINGS AND SUGGESTIONS

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1 INTRODUCTION

Super markets are established with the objective of making available all the goods required by the consumers under one roof. They are large scale retail trading units. There are super markets in the cooperative sector and in the private sector. Cooperative super markets also have the additional objective of supplying goods cheaply i.e., at as low a price as possible. They have the advantage of centralised bulk purchase from the source of production. They also charge low margin. Hence, the prices the cooperative super markets are expected to be lower than those in the private super markets. This proposition has been investigated in this study taking one cooperative super market, Ponni and one private super market, Chamundi in Salem city.

2 SUMMARY OF FINDINGS

The main findings of the study are listed below

i Goods are generally cheaper in Ponni, the cooperative super market than in Chamundi, the private super market except in the following.

COSMETICS

- a Margo Toilet soap
- b Economy Rin Washing soap
- c More Washing soap
- d Ezee liquid detergent
- e Popular Washing powder
- f Nirma Washing powder
- g Vicco Tooth paste 50 gm
- h Vicco Tooth paste 100 gm
- i Vicco Tooth powder 100 gm
- j Gokul powder 70 gm
- k Banama blade
- l No 5 Shampoo

TEXTILES

- a Kothari Gada
- b Lakshmi Mill Sripriya saree
- c Vimal Monolisa saree
- d SKumar's Impression shirting cloth
- e Meenakshi Chancellor shirting cloth
- f Binny Bintex shirting cloth

STATIONERY

- a Camlin Fountain Pen No 36
- b Camlin Fountain Pen No 5
- c Kalai Pins
- d Bell Rubber stamp pad

MEDICINES

- a Amodex capsules
- b Aspirin tablet
- c Bronko syrup

PROVISIONS

- a 3 Roses Tea 500 gm
- b True noodles
- c Gingilli oil
- d Groundnut oil
- e Coconut oil
- f Dalda
- g Refined oil

MISCELLANEOUS

- a Cabbage
- b Senai root
- c Green chillies
- d Tomato

e Parry's Orange Chocalate

f Amul Tricky 35 gm

g True Nice Biscuit

h Viva 450 gm

i Mysore Bagu

j Gilabi

k Laddu

ii The 't' tests of significance revealed that in all the groups of items the price advantage in Ponni over Chamundi was significant.

iii The Chi Square test of significance revealed that the nature of items had significant influence on the price advantage in Ponni.

iv In textiles the price advantage was higher than that in other items.

v In vegetables the price advantage was lower than that in other items.

vi The reasons for the cheapness of goods in Ponni are

a Purchase of merchandise as far as possible from the source of production

b Economies of large scale purchase of goods

- c As some goods are purchased locally the cost of transport is very low in such goods
- d Centralised purchase of certain goods
- e Cost of cleaning the merchandise is less in Ponni since only first quality goods are purchased
- f Purchase of merchandise within the city and within the state reduces the chances of damage of goods which is reflected on the price in the form of low price
- g More purchase of local brands than the National brands
- h Low margin of profit

SUGGESTIONS

Though cooperative super markets are large scale organisations, they are meant to benefit all the sections, rich, poor and the middle class alike. They also have a role in holding the price line. Therefore suggestions are made in the following sections to improve the price advantage in Ponni, to improve its performance, and for the cooperative super markets in general.

~~7.1 SUGGESTIONS TO IMPROVE PRICE ADVANTAGE IN PONNI~~

i Price advantage of Ponni can be increased if Ponni deals in more number of local goods than National brand goods particularly in case of washing soap, washing powder, food item and stationery. In these items local products are cheaper and quality is good.

ii Ponni should offer more number of cooperative brand goods. At present it offers 'coop tea' at a low price.

iii Ponni should start its own processing units to have regular supplies of edible oils, coffee powder and soapnut powder. Salem District being the source of groundnut, coconut and sun-flower seed such oil crushing units can operate viably.

iv Ponni obtains its merchandise from National Consumers Cooperative Federation, Tamilnadu Consumers Cooperative Federation, Government Agencies and through wholesale stores. Purchasing from different places increases the cost of transport which is reflected in the price of goods. National Consumers Cooperative Federation has established regional distribution centres at important places. It is

suggested that Ponni should purchase from this regional centre at Bangalore so as to reduce the cost of merchandise.

v Ponni should have control on the prices charged by leased departments. Or they must be instructed to follow market price policy.

vi Ponni should introduce mobile super market to serve more areas within the city limits. A mobile super market functions in a mobile van or bus or lorry offering a limited assortment of important items such as provisions, oil, rice and cosmetics. Consumers residing far away from the super market but willing to enjoy the benefits of cooperative super market would be benefited by this mobile super market. The mobile unit should be stationed in one residential area in a day of the week so that each such area will be served once a week.

vii Ponni may also introduce travelling super market. Travelling super market consists of a few vehicles such as van or bus or lorry each carrying a particular type of merchandise such as cosmetics, provisions, textiles household items and stationery. It offers a wide range of assortment of goods. Travelling super market will cover Sub-urban and rural consumers who mind the cost of transport involved in visiting the super market.

viii The other incomes received by Ponni such as rent from the leased departments and sale of empties should be utilised to reduce the cost of merchandise. Such amounts can be credited to the Price Equalisation Fund which can be used to adjust the prices of goods rising uncompetitively.

7.2 SUGGESTIONS TO IMPROVE THE PERFORMANCE OF PONNI

7.2.1 LOCATION AND LAYOUT: Ponni is functioning in the District Revenue Board building paying rent. With the period of lease already over Ponni has not taken any steps either to renew the lease or to have its own building. The layout of the building is not suitable for a super market as it does not look attractive. Sometimes the customers find it difficult to locate a particular section. So it is suggested that Ponni should have its own building. The building to be constructed should have a central and advantageous location and attractive layout. Till the construction of new building is completed Ponni should shift to some other building within the easy reach of the customers. This building should also have an attractive layout.

3.2.2 WINDOW DISPLAY: Display of goods inside the sections is not attractive except in the confectionery section. Though goods are prepacked they are not arranged neatly and in a logical order. Even in self service sections goods are not arranged properly. Hence it is suggested that Ponni should give more importance to the display aspect so as to improve the store image.

Window display technique is not given any importance in Ponni for two reasons. First reason is that the building is away from the main road, offering no chance for the pedestrians to have a look at the displayed goods. Secondly the selling section have no windows facilitating window display. So it is suggested that necessary steps be taken with the available facilities to introduce window display techniques which will have attention value for the present. When own buildings are constructed window display should be given due consideration. Even at the time of preparing the blue print for the new buildings the window display should be planned.

3.2.3 INVENTORY MANAGEMENT: Ponni should follow a wide assortment policy in the case of household articles, electricals, furnitures novelties and travel goods. Durable

goods such as wet grinder, mixie, radio, television, refrigerator, air coolers, water coolers, iron safe, wooden furniture, pressure cookers and gas stoves should be offered in Ponni. The advise of Hans group may be utilised in this regard.

Fast moving goods and slow moving goods should be identified through regular stock taking. Only fast moving goods should be given more importance than the slow moving goods. Such slow moving goods should be purchased in small quantities.

In Drug section, inventory control should be more effective as even the basic medicines such as Becasules were not available at the time of the study. Besides, most of the medicines are date expired. Date expired drugs should be withdrawn from the stock and be replaced with new drugs at the cost of the supplier.

In textile section of Ponni, cloth available for purchase is out dated and old fashioned. Customers are not able to get fashionable textile materials. The purchase committee should be alert on this point and they should ensure purchase of fashionable assortment in textiles.

3.2.4 AMENITIES: For the convenience of customers basic amenities such as drinking water, sitouts, benches and shelters should be provided. Toilets should be partitioned in such a manner as not to be visible outside. Park or grass lawn may be developed to make a pleasant surrounding.

Provision of indoor music may reduce the boredom of sales personnel and please the customers too. Leased sections should also be provided with indoor music.

3.2.5 LEASED SECTIONS: The leased sections of Ponni are located in a haphazard manner. Such sections should be arranged in such a manner that will enhance the image of the super market. Ponni should also plan to replace gradually the leased departments with its own.

3.2.6 SALES PROMOTION: Sales promotion techniques such as lottery, lucky goupon, gift, purchase bonus, bonus stamps, door to door campaign, home delivery, reduction sale of old stock, seasonal special offers, credit sale and publicity in radio and T.V. may be followed.

3.2.7 SALES PERSONNEL: Salesmen in Ponni should be treated on par with the Government employees working in the cooperative department and all the monetary and nonmonetary benefits should be extended to them.

A commission or bonus on sales should be paid to boost their morale. A minimum amount of sales or break even point be fixed based on past experience as an eligibility condition for getting bonus.

If there is no shortage of stock, incentive should be paid. Employees should be motivated to achieve higher sale per manday through awards for the purpose.

Awards may also be introduced for the best display, cleanliness and customer relationship respectively.

Staff, good at sales counters should not be transferred to non sales counters. However they can be transferred to sales counters of other departments. This would enable the development of the sales force.

3.2.8 WORKING HOURS: The working hours of Ponni at present are from 9 AM to 1 PM in the morning session and from 4 PM to 8 PM in the evening session. The morning session working hours may be extended up to 2 PM as this will enable the office goers working in various Government departments around Ponni to purchase in the super markets during the lunch hour. This will help them to return home early in the evening.

3.3 SUGGESTIONS FOR COOPERATIVE SUPER MARKETS IN GENERAL

National Consumers Cooperative Federation and State Consumers Cooperative Federation may supply goods directly to the cooperative super market avoiding retailing commission charged by different intermediaries. Further loading and unloading charges will be minimised. Such reduction will be reflected on the price advantage.

At present all the 4 tiers of consumers' cooperation such as National, State Federations, District wholesale stores and the retailing units are engaged in purchase. So there are more chances for duplication of purchases as there was no coordination among these units. So it is suggested that each unit should be allowed to purchase only those commodities which it can purchase economically. That is, if National Federation is allowed to purchase 100 items, such items should not be purchased by the State Federation and so on.

National Consumers Cooperative Federation and State Consumer Cooperative Federation should introduce more lines of cooperative branded goods to check the increasing prices of National Branded Goods.

Manufacturers of merchandise should be instructed through legislation that 20% of manufactured goods should be reserved for distribution through cooperative super markets at prices applicable to the first point of distribution. This may increase the price advantage of manufactured goods such as cosmetics, textiles, household articles and electricals.

Essential consumer goods imported should be sold only through cooperative super markets to ensure that these goods reach the consumers at economical prices. Besides confiscated foreign goods should be made available at lower prices in all the cooperative super markets.

Another element which influences price is sales tax. Since cooperative super markets cannot compete with private super markets they should be given concession in sales tax. This concession is necessary to make them more competitive to the private super markets who do not maintain proper accounts and thereby evade taxes so as to reduce their prices. For eg., in Soviet Russia, cooperatives have been exempted from sales tax.

Patronage dividend should be paid to non member buyers also so as to attract more clientele.

Cooperative super markets should have their own building. This will save the expenditure on rent, besides enabling the management to plan an attractive shopping layout.

Cooperative super markets should have their own laboratory and test kitchen to test the quality of the goods following the lines of Swedish cooperative super markets.