CHAPTER – II

SUPER MARKETS
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2.1. INTRODUCTION

A large retail store operated on a self service basis, selling groceries, produce, meat, bakery and dairy products and some times non food goods. A large Self service grocery store selling groceries and dairy products and household goods. It is a boon to the consumers.

Food Market -> grocery, grocery store, market, market place, where groceries are sold, the grocery store included a meat market.

In the early days of retailing, all products had to be fetched by an assistant from shelves on one side of a counter while the customers stood on the other side and pointed to what they wanted.

2.2. MEANING OF SUPER MARKET

Super Market institute defines Super Market as “A complete departmentalized food store with a minimum sales volume of 1 million dollars a year and at least grocery department is fully of self service. Other trade sources prefer 150000 dollars yard stick. M.M.Zimmerman defines super market as “ a departmentalized retail establishment having four basic food departments-> self service, grocery, meat produce, and dairy plus other
household departments and doing a maximum business”. It may be entirely owner operated or may have some of the departments leased on a concessional basis.

A super market is defined as a large scale departmentalized retailing institution offering wide range of variety of merchandise operating largely on self service basis with a minimum of customer services and having a price appeal and usually ample parking space.

Super market is also defined as a large retailing business unit selling mainly food and store grocery items on the basis of low margin appeal, wide variety and assortment, self service, and heavy emphasis on merchandise appeal. Thus a super market is relatively large with low cost, low margin, high volume, and self service operations service the total requirements of the customers.

2.3. ORIGIN AND GROWTH

Super Markets were first established in the U.S., during the 1930’s as no-frills retail stores offering low prices. In the 1940's and 50's they became the major food marketing channel in the U.S; the 1950's also saw them spread through much of Europe. Their growth is part of a trend in developed countries toward reducing cost and simplifying marketing. In the 1960’s Super Markets began appearing in developing countries in the Middle East Asia and Latin
America, where they appealed to individuals who had the necessary buying power and food storage facilities.

Until 1930's we shopped at small neighbourhood grocers, butchers, and bakers. But the new chain stores, enjoying the advantage of large-scale buying, found advantages in large scale selling as well. Chain store age magazine wrote in 1933. The one stop drive in super market provides free parking and every kind of food under one roof. Gradually smaller grocery stores disappeared, unable to match the low prices of super markets. At the end of the twentieth century the super markets triumphed. So Thoroughly that super-was super flours and the term market was again used by it self, now to refer to one of super size.

The concept of a self-service store was developed by clearance Saunders and his piggy wiggly stores. A&P was the most successful of the early chains in Canada and the U.S. The general trend in retail since they has been to stack shelves at night and let the customers got their own goods and bring them to the front of the store to pay for them. Although higher risk of shoplifting the cost of appropriate security measures will be ideally out weighed by the economies of scale and reduced labour cost.

According to the Smithsonian Institution, the first true Super Market in the United States was opened by ex-kroger employee Michal. J.Cullen, on August 4, in a 6000 square feet (1560 m²) farmer garage in Jamaica. The store, king kullen operated under the slogan “Pile it high, Sell it Low”.

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2.4. CHARACTERISTICS OF SUPER MARKETS

i. Central Location

Super markets are located in a Central Place in the city which within the easy reach of all consumers and all types of vehicles. Such central place is thickly populated, at the corner of cross roads, near to the transport and visible to the transport and visible to the pedestrians and vehicle traffic location of the super markets at the centre of the city helps to maintain regular increases in Sales. In India Spencer’s departmental Store/Super market functioning on the mount road, at Madras had to be closed down to shift the location to a more thickly populated area.

ii. Organisation and Management

A Super Market resembles a departmental store. Super Market has separate department for each merchandise dealing with shopping and specialty goods. It differs is only one aspect in the size of retailing compared to that of department store. Regarding organisation both have the same type of organisation.

The management of a store is vested in the hands of a managing director, each section or department is controlled by a manager who come under direct control of the managing director. Based on functions, the whole organisations is divided into five sections. Such as merchandise section, Sales
service establishment, buying and selling of goods, Sales section, undertakes publicity, window display and demand creational methods. Service section is concerned with the maintenance of the properties of the store, establishment section is responsible for selection, training and pay of the personnel and finance section takes charge of all financial matters.

iii. Store design and layout

Store design and layout aims at optimum utilisation of available floor space to promote sales volume and store image. Big super markets have the following standards.

Convenience goods like flour, sugar, coffee, bread, egg, meals and paper products are placed in high traffic area all modern grocery super markets are arranged with wide low shelving and the merchandise is often at pricing etc., and to attract customers.

iv. Working Hours

Super Markets generally function from 9 AM to 1 AM in the morning session and 4 PM to 8 PM in the evening session. Some super markets provide larger store hours for the convenience of customers with Sunday openings. In a poll conducted in UK. 20% of those questioned wanted food shops and chemists open on Sundays. 10% wanted multiple stores, clothing and furniture but only 4% wanted full day opening in Sunday. Consequently National
Consumers Council was supporting a bill to enable all goods to be brought on Sundays.

v. Departmentalization

A supermarket is divided into various departments or sections. Each section is allotted for one group of merchandise as in the case of departmental stores. The supermarket may be divided into grocery section, cosmetic section, food section, textile section etc. This division facilitates the consumer to locate a particular article with less strain and pain the store manager who is responsible for merchandise and decide where it is to be kept and in which rack. As for as possible homogenous goods are arranged in the same place side by side. The arrangement should also be convenient to the customers. For eg., in gents wear section, first suit then shirtings, then ties than that should be the order of arrangement.

vi. Broader Assortment of Goods

Present day supermarkets as it resembles a departmental store offers a wide assortment of goods. This policy has its own merits and demerits the customers are relieved from going from store to store in search of a particular size of an article as the supermarket offers from pin to plane, under one roof. But it increases the storage cost and price of the merchandise.
vii. Self Service

Most of the Super Markets provide self service. In self service sections customers are free to select their choice after careful examination of weight, quality, packing, date of packaging, expiry date, price and statutory warnings. This gives them a sense of satisfaction resulting in repeat clientele and they are relieved from pressure and salesmanship. As the number of salesman need to be lower than that for counter sales, the cost in that store will be low and the pilferage by staff will also be low. The prepacked goods facilitate faster service to customer than in counter sales. Self service section also induces the customers make to make impulsive buying. As the goods unselected can be removed easily the section enables the super market to stock only upto date goods. The section will also be kept cleaner than counter.

This system is unhygenic as many persons touch the edibles and food items for successfully operation the system requires appointment of watch and ward to watch the customers supply of baskets for carrying goods convenient arrangement of goods, mass display at key location and keeping more goods on the sales floor.

viii. Provision of Trolleys and Baskets

Most of the super markets aborad are self service stores where customers are not allowed to take their own bags to carry the goods to prevent shop lifting. At the entrance of the self service store personal belongings as
kept against tokens and customers given plastic baskets to collect the goods. When the goods are bigger in size and weight trolleys are provided customers themselves can move these trolleys easily. If necessary, services of salesman all provided on request to collect the goods many super markets in India also offer their facility.

ix. Check out Counters

Large number of checkout counters i.e. cash counters are setup to collect money from the customers. Since a self service store entertains customers number of cashiers are provided with calculators to facilitate quick checkouts, and less than 1000 stores use code numbers.

In U.K. Chainbury’s Super Market chains are using electronic checkout provided by IBM at Broad field, Chipper harm, Wiltshire branches. In India cash registers and calculators are provided for the purpose.

x. Service to Customer

Provision of service departments in the super market for the convenience of customers is another important feature of super markets selected retail services like medicine, amusement park, low consultancy, shoe repair, watch repair, canteen, barber shop, baby sitting, sitout, for the aged, dry cleaners, studios, automobile repair, employment agency, travel information, recreation facilitiates, insurance, interior decoration, radio, T.V and plumbing
are made available to the customers. Provision of such services not only boost the store image but also the turnover increases. In some super markets such services also available free of cost also. Though many of the above mentioned services are not available in Indian super markets. A few like parking, watch repair, dry cleaning and canteen are provided.

xi. Parking Facility

Super Markets are located in a central place in the city. They provide enough space for cars, cycles and other vehicles. Super markets in foreign countries like U.S.A. and France where most of the people own car invariably provide parking facilitate. In India parking space is not given importance because 50% of the people live below poverty line, who cannot afford to own car. It is enough for cycle stand is provided.

The words of P.D.Converse “Some Super Markets are successfully without providing space for parking”.

2.5. Price Policy

The object of the pricing policy of super market should be

- To cover the original cost of merchandise.
- To cover operating efficiency and
- To provide a profit to the store.

The pricing policy may be of three principles.
I. Pricing above competition
II. Pricing below competition
III. Meeting competition

Pricing above competition must be justified by provided good quality, exclusive interior decoration, pleasing salesmanship, extra amenities for customers, costly advertising media etc., when the second principle i.e., Pricing below competition is followed customers may be suspicious regarding quality and genuineness of the products which would have adverse effect on the store image, costly furniture, fittings, decorations and illuminations should be avoided. Store should be located in lower rent area. Advertising used promotional techniques should stress only the price. Customer service cannot be offered self service should be offered to reduce the cost of operation.

When there is high competition, the third principle i.e., pricing at competitive level should be followed. A super market must be able to “Carve a niche” in the market, in some way in order to differentiate the store from the rival stores.

Super market offer self service facility to its customers which does not require salesmanship, so the cost of operation is reduced. Single unit super markets purchases most of its merchandise locally from the wholesales which reduces the cost of transport unlike a department or chain store which follows
decentralised purchasing. Some times they also deal with their own brand. Margin of profit to be added to the price is lower than that of the other stores.

Super market being large scale retail unit present to large scale buying, therefore economies of large scale buying also result in low cost of goods purchased. Bulk orders for goods, bargaining the transport cost and availing of various discounts by the seller enable the super markets to reduce the cost of their goods. Added to these advantage, Super Markets generally change a lower margin of profit. Packing material used in another element responsible for lower prices. Use of cheap packing materials like paper bag would reduce the cost of merchandise to a large extent. An effective inventory management would reduce the cost of forwarding. Charges incurred on removing the impurities is added to the cost of merchandise less impurities cause lower prices. Direct purchases from the producers reduces the price in case of large scale buying.

2.6. Seasonal Discounts

Economies of large scale purchase and low profit margin the super markets are able to sell goods at low profit to the customers. They also undertake necessary steps to communicate this advantage to the public. During festival and off seasons, discounts are allowed to the public. The rate of discount is advertised through radio, T.V, newspapers and leaflets for eg., textiles are sold at discount during Christmas, Pongal, Dewali and Tamil
New Year day. Fans, Refrigerators, Air Conditioners, Air Coolers and Umbrella are sold at discount during winter and rainy seasons.

2.7. No Credit Sale

Super Markets seldom provide credit facilitates to the customers because of large investment on large assortment of goods. Since capital is locked up, they have to earn working capital only through cash sales. Secondly Provision of credit requires maintenance of a credit department which would increase the cost of operation, increasing either the price level or decreasing the surplus of the store. Stores following competitive price policy may not be willing to increase their prices, and get out of the market. Thirdly most of the consumers may not be known to the owners and so they may not be willing to run the risk of bad debt.

2.8. Sales Promotion

The objectives of sales promotion measures adopted by super market are to increase short row sales, maintain customer loyalty and emphasize novelty. Point of purchase promotion consist of in store displays contest, sweep stake issue of coupons to sell manufacturers special items, giving free gifts at the time of purchases like glasses, spoon, tumbler, free samples, referral gifts and sky writing.
2.9. Advertisement

Generally Super Markets advertise on large scale in order to establish and promote communication with the consumers, existing and prospective. The mostly used media are daily newspapers, weekly magazines, telephone directories, direct mail, radio, television, moving transport vehicles like bus, auto, cars, train and lorry, film, notice, loud speakers, posters, slides, sky writing, mass display of merchandise at public places like cinema theatres, Railway station, and Airport. Large amounts are spend on advertisements.

2.10. TYPES OF SUPER MARKET

Super Store, Combination Store and hyper Markets are some forms of super market.

i. Super Store

Super Store has an average area of 6000 sq.ft handling nearly 17000 items. In addition to the items provided by super market. Thus it is larger than super market in terms of size and assortment of goods. But the nature of merchandise provided are similar to that of Super Markets.
ii. Combination Store

This store has an average selling area of 55000sq.fts. It combines two or three super market in terms of size and assortment of goods. For e.g. Drug on one side, food on the other side. Though it is larger than super market in size, it offers very limited merchandise.

iii. Hyper Markets

The selling area of hyper markets ranges between 80000 to 220000 sq.ft. They undertake warehousing. They are the biggest retail trading unit. They offer discount like super market. They offer heavy and light appliances, clothing items, furniture and many other items.

iv. Travelling Super Market

Traveling Super Markets are setup in vans measuring 10 metres long, 2 ½ meters wide and more than 3 meters high. It has refrigerator, deep freeze, special van for meat product. The scale is fastened to the top. A van can carry merchandise weighing 4.5 tons.

2.11. ROLE OF SUPER MARKET

The super market, known as departmental store in foreign countries, plays a very important role in the provision of goods to consumers. They not only serve the consumers but also the country.
i. Distribution

Most of the convenience goods of quicker consumption, shopping goods which are costlier than common goods and specialty goods for which brand preference is important, are distributed to the final consumers at reasonable price. The consumer is able to purchase all varieties of goods under one roof.

ii. Employment

It provides greater employment opportunities to both males and females, literates and illiterates. By providing employment it helps to increase the standard of living through per capita income.

iii. National Income

It improves the welfare of the economy by contributing takes to the exchequer. Taxes like sales tax, purchase tax, professional tax and surcharge are collected from purchasers and employees regularly and paid to the government.

iv. Types of Merchandise

Super Markets now a days provide a large variety of goods. i.e. from pin to aero plane. In addition to merchandise Super Market also provides service facilitates like bank, post office, insurance company, doctors, saloon, beauty
par lour, car wash, Restaurant etc., These facilities improve the image of the Super Markets. In addition to National brands, own brand goods are also made available in the Super Market at cheaper price.

v. Market Information

Super Market acts as a link between the producer and consumer not only for the physical transmission of goods. But also for giving information for both. Information relating to demand for a product, its alternatives, competitors reaction, turn over of product, consumer taste, preference, needs, price, attitudes, consumer opinion for improvement and about the products colour, size, shape etc., are provided by Super market to the producer for market research.

2.12. CO-OPERATIVE SUPER MARKETS IN INDIA

The first and the biggest departmental store was setup in Delhi in July 1966 in the cooperative sector with the objects of

i. Equitable distribution

ii. Being the price setters and price leaders and

iii. Holding the retail price line.

Later Super Markets were opened in towns with a population upto 2 lakhs. Cooperative Super Markets in India are generally by Cooperative wholesale stores at district levels. State consumers cooperative federation and
National Consumers cooperative federation. Government officials like cooperative sub registrar and deputy registrar and are deputed from the cooperative department of the state government to manage the cooperative super markets.

2.13. COOPERATIVE SUPER MARKETS IN TAMIL NADU

The first consumer Cooperative store in India, TNCS was opened in Madras in 1904. Cooperative Super Markets Provide innovative retailing techniques, facilities and services to its members for eg., It owns petrol bunk, and service station for customers. Provides choice of returning goods on reasonable ground which is printed in the sales memo itself, provides a dial, balance weighing machine near the reception counter for the use of customers to check the weights for themselves.

2.14. CONCLUSION

In this chapter working profile of Cooperative Super Markets in India and Tamil Nadu have been explained. Besides a theoretical review of Super Markets in general. National Consumer Cooperative Federation, the state Cooperation, runs super Markets in India the district whole sale stores and primary stores are also. How ever the Super Markets run by wholesale stoes are the largest in number. Super markets are centrally located with space for parking. Cooperative super markets in Tamil Nadu are controlled by special
officers deputed from cooperative departmental. They work from 9 am to 1 pm in the morning and 4 pm to 8 pm in the evening session.

Merchandise are arranged in various sections. Some bigger Super Markets offer Self Service section, Cooperative Super Markets follow active price policy to fix price.

Most of the Super Markets in India are found to possess most of the characteristics of Super Market.