

CHAPTER X

SALES MANAGEMENT PROBLEMS OF CONSUMERS' COOPERATIVE SOCIETIES

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CHAPTER X

SALES MANAGEMENT PROBLEMS OF CONSUMERS' COOPERATIVE SOCIETIES

10-1 Introduction

In this chapter, it is proposed to analyse the various important aspects of the sales management of both the federal and primary consumer cooperatives surveyed in Pune city. The data in respect of these aspects of sales management were collected through questionnaire form and tabulated for the purpose of deriving conclusions.

10-2 Selling Plan

This is one of the important elements of sales management. Every consumers' cooperative society must have a selling plan for getting desired results in terms of sales performance and to devise measures for increasing the total sales. The selling plan is worked out for a period of one year. It is broken up in months and monthwise selling plan can be prepared or the yearly selling plan can be broken up in the fifty-two weeks and weekly selling plan can be prepared. From Table 10.1 it can be seen that more than 62 per cent of the consumer cooperatives are

Table 10.1 : Selling plan

Selling plan	Federal/ Central Whole- sale	Percen- tage	Primary coopera- tive so- cieties	Percen- tage	Total	Percen- tage
Weekly	1	20.00	1	3.13	2	5.40
Monthly	2	40.00	6	18.75	8	21.60
Quarterly	-	-	1	3.13	1	2.70
Yearly	-	-	3	9.37	3	8.20
No selling plan	2	40.00	21	65.62	23	62.10
Total	5	100.00	32	100.00	37	100.00

completely absent in preparing their selling plan. In the case of federal societies, 40 per cent societies have their selling plans while in the case of primary societies only 34 per cent societies have their selling plans. It can also be seen from the table that 20 per cent federal societies and 3.12 per cent primary societies have weekly planning, 40 per cent federal and 19 per cent primary societies have monthly planning and only one primary society has yearly selling plan.

10-3 Pricing Policy

The pricing policy is an important part of the sales management. It directly affects the total sales of the

consumer cooperatives. In the case of controlled goods supplied by the Civil Supplies Department, the question of pricing does not arise. The Government itself fixes the prices of controlled commodities and consumer cooperatives are required to sell such commodities as per government rules. But in the case of non-controlled goods it was found that different consumer cooperatives followed different methods for fixing prices. A large number of societies, including federal and primary societies, sell their commodities at the market price and a very few societies follow active price policy. Generally the prices of commodities are fixed on the basis of cost price plus margin of profit (which varies from 5 per cent to 15 per cent, depending on consumer items). It was found from the discussions with managers of different societies that unfortunately a very small number of societies followed the widely recommended and followed active price policy suggested by the experts and academicians in the cooperative management. It was further observed that in the case of grocery items, the percentage of profit ranges from 3 to 5 per cent; in the case of cloth profit margin ranges from 8 to 10 per cent while in the case of stationery goods the profit margin ranges from 12 to 15 per cent.

10.4 Sales Promotion Activities

Sales promotion activities is one of the important

techniques by which sales can be increased. It is widely accepted as a tool of management to capture market and create demand for the consumers' goods. It is very necessary in the present-day of mass production and competition, particularly in the case of non-essential commodities, that the consumer cooperatives should adopt all types of sales promotion activities as a part of a sales planning strategy, so that consumer cooperatives can develop their basis and at the same time provide more effective services to the members and customers. Such sales promotion activities comprise advertisement, window display, periodic discount, rebate sales, organizing sales exhibition counter, salesmanship facilities, after-sales services, home delivery services, exchange of goods, gift schemes, survey of tests and preferences, etc.

From Table 10.2 it appears that more than 54 per cent consumers' cooperative societies did not undertake any sales promotion activities to effect their sales. Even those societies which undertook sales promotion activities, have arranged for advertisement, posters, slides and bill cards. Not a single society has arranged exhibitions or fairs or other measures. This aspect seems to be totally neglected by a large number of societies.

Table 10.2 : Sales promotion activities

Method	Federal/ Central Whole- sale	Percen- tage	Primary socie- ties	Percen- tage	Total	Percent- age
Newspaper advertisement	2	40.00	6	18.75	8	21.60
Posters	-	-	4	12.50	4	10.80
Slides and bill cards	-	-	1	3.12	1	2.70
Participation in exhibition and fairs	-	-	-	-	-	-
Other	-	-	-	-	-	-
Combination of above	2	40.00	2	6.25	4	10.90
Nil	1	20.00	19	59.38	20	54.00
Total	5	100.00	32	100.00	37	100.00

Average Sales during 1977-78

Table 10.3 indicates the average sales made by the consumer cooperatives surveyed in Pune city. It can be seen from the table that the average sales of 43.20 per cent societies are upto Rs.5 lakhs, 16.20 per cent societies have average sales upto Rs.10 lakhs, whereas 16.20 per cent societies have recorded the average sales upto

Table 10.3 : Average sales during 1977-78 to 1982-83

Size of sales Rs.in lakhs	Federal/ Central Whole- sale	Percen- tage	Primary socie- ties	Percen- tage	Total	Perce- tage
Upto 1	-	-	4	12.50	4	10.80
1 - 3	1	20.00	11	34.38	12	32.40
5 - 10	1	20.00	5	15.63	6	16.20
10 - 15	-	-	3	9.38	3	8.10
15 - 20	-	-	3	9.38	3	8.10
20 and above	3	60.00	2	6.23	5	13.60
Not given	-	-	4	12.50	4	10.80
Total	5	100.00	32	100.00	37	100.00

Rs.20 lakhs, and only 13.50 per cent consumer cooperatives have made the average sales of more than Rs.20 lakhs.

Taking into account the figures of the average sales made during the last six years, the average sale is not size-able as compared to private business traders. The con-sumer cooperatives must take all necessary efforts and measures to increase their sales with a view to getting reasonable profit and meeting the trading expenses.

Exchange of Goods

It is a well known practice in every business to accept back the goods once sold to the customers and replace them with new ones. It is a normal tendency of customers to exchange goods for a number of reasons. This practice keeps the customers in touch with the shop. From Table 10.4 it can be seen that 60 per cent federal societies and 87.50 per cent primary societies do not accept goods back once sold to the customers. One federal

Table 10.4 : Whether goods once sold are accepted back

	Federal/ Central Whole- sale	Percen- tage	Primary socie- ties	Percen- tage	Total	Percen- tage
Yes	2	40.00	4	12.50	6	16.20
No	3	60.00	28	87.50	31	83.80
Total	5	100.00	32	100.00	37	100.00

society reported during the discussion that it provides this opportunity only to the institutions like N.C.C., N.S.S., etc. Due attention should be paid to the efficient selling of the goods.

Home Delivery of Goods

It is a part of sales promotion activities. From Table 10.5 it appears that 89.19 per cent consumer cooperatives are totally absent from providing home delivery of goods to the customers. This is essential to maintain permanent contact with customers. It is a very important aspect of it, particularly of retail trade business. But unfortunately it was found that more than 93 per cent primary societies neglected this aspect.

Table 10.5 : Home delivery of goods

	Federal/ Central Wholesale	Primary societies	Total	Percentage
Yes	2	2	4	10.81
No	3	30	33	89.19
Total	5	32	37	100.00

10-5 Purchases by the Members

As every consumers' cooperative society is expected to cater to the needs of its customers, similarly there should be commensurate response from the members also. It shows their loyalty towards the society and automatically helps in promoting sales. It can be observed

from Table 10.6 that less than 30 per cent of the members make some purchases of consumers' goods. It simply means

Table 10.6 : Percentage of members who make purchases from cooperative societies

Percentage	Federal/ Central Wholesale	Primary societies	Total	Perce- tage
Upto 10	-	-	-	-
10 - 20	1	1	3	8.10
20 - 30	2	25	27	72.90
30 - 40	-	-	-	-
40 - 50	-	-	-	-
50 - 60	-	14	14	10.90
60 - 70	-	-	-	-
70 - 80	-	-	-	-
80 - 90	-	-	-	-
90 -100	-	-	-	-
100	-	-	-	-
Not given	2	2	3	8.10
Total	5	32	37	100.00

that 70 per cent members do not turn up to their own organization. This is not a good sign of development. This also reflects that there is no loyalty of members

towards their own organization. There is a need of massive educational programme for members for this purpose. Conventions and seminars for members should be organized to discuss the problems of their organizations. It will create a sense of belonging in them. A separate fund should be erected for conducting programmes for the members' education and trading practices. It seems that it is high time when consumer cooperatives should carefully examine the reasons for members not buying, and take suitable measures to attract more and more members, towards their own societies and buy the goods from the shops run by these societies.

10-6 Stock Taking

Table 10.7 explains the present position of stock taking in the consumers' cooperative societies in the Pune city. In the case of grocery items about 50 per cent of federal and primary societies have not paid due attention to stock taking regularly. In the case of cloth, about 65 per cent of federal primary societies do not have proper stock taking method while in the case of stationery items more than 93 per cent of consumer cooperatives are totally absent from taking stock regularly. This will not help the consumers' cooperative societies to grow smoothly and satisfactorily.

Table 10.7 : Stock taking of specified items

Items	Federal/ Central Wholesale	Primary societies	Total	Per- centage
Grocery				
1. Weekly	-	6	6	16.20
2. Monthly	-	7	7	18.90
3. Quarterly	2	-	2	5.40
4. Yearly	1	2	3	8.10
5. Yes	-	1	1	2.70
6. No	2	16	18	48.60
Total	5	32	37	100.00
Cloth				
1. Weekly	-	1	1	2.70
2. Monthly	-	5	5	13.50
3. Quarterly	2	-	2	5.40
4. Yearly	1	3	4	10.80
5. Yes	-	1	1	2.70
6. No	2	22	24	64.80
Total	5	32	37	100.00
Stationery				
1. Weekly	-	-	-	-
2. Monthly	-	-	-	-
3. Quarterly	2	-	2	5.40
4. Yearly	1	-	1	2.70
5. Yes	-	1	1	2.70
6. No	2	31	33	89.10
Total	5	32	37	100.00

10-7 Nature of Complaints from Customers

It was found during the visits to the consumer co-operatives under the research study that very few societies have made arrangements for receiving complaints from the customers. A majority of these societies have totally neglected this important aspect of sales management. To become a successful consumers' cooperative society, it must give due attention to the complaints of customers, make necessary changes and provide better services to them. Of the reported societies 30 per cent of societies received the complaints about the prices, 70 per cent of societies received complaints about the quality of goods and more than 50 per cent of societies received complaints about the non-availability of goods.

It was also found that no systematic efforts are being made to attend to these complaints and remove their causes in future. It would, therefore, be desirable to devise some proper system for receiving complaints from the customers and give proper services to them.

10-8 Credit Sales

Credit sales is a part of total sales. In the present ^{time} ~~day~~ this is an accepted practice adopted in every business organization. Consumer cooperatives cannot be an exception

to this rule. But it was found during the visits to the societies under survey that there is no proper planning for providing credit facilities to the customers. It was also found that there is no clear cut provision in the bye-laws regarding credit facilities. As most of the societies deal with controlled goods where the question does not arise for the non-controlled goods, credit facility constitutes an important part of sales strategy.

Table 10.3 shows that there is no provision for credit sales in the case of 60 per cent of federal and 68.75 per cent of primary societies. Those consumer co-operatives credit facilities, 3 primary societies i.e. only 3.7 per cent societies provide credit facilities to their members, one federal society i.e. 20 per cent societies provide weekly credit facilities to institutions; only one federal society and 2 primary societies provide credit facilities to the salaried members. The limit of credit facilities ranges from Rs. 300 to Rs. 750.

In modern business practice, all cooperatives have adopted credit practices, because credit facility enables societies to increase their sales. This point was raised in the meeting convened by the Deputy Registrar of Cooperative Societies in April 1985 and was decided that credit facilities should be given to the employees of banks, educational institutions, government departments, public

institutions and industrial units. Necessary arrangements should be made by the employer for making regular payment for credit sales to the societies. A 'coupon system' has been introduced in one primary consumers' cooperative society in which a member is given coupons of Rs.100 every month and this amount is directly deducted from his salary. This practice was welcomed by the members. Deposit schemes can also be another way for accepting deposits from the societies well in advance on the basis of which goods can be sold to them. It will ensure proper sales and minimise the risk of bad-debt.

Table 10.8 : Credit sales

	Federal/ Central/ Wholesale	Percen- tage	Primary socie- ties	Percen- tage	Total	Percen- tage
Share hold- ing/member	-	-	3	9.37	3	8.10
Weekly credit	1	20.00	-	-	1	2.70
To institutions	-	-	1	3.12	1	2.70
Percentage of salary	1	20.00	2	6.25	3	10.80
Limit 300.750	-	-	3	9.37	3	10.80
For sales promotion	-	-	1	3.12	1	2.70
Nil	3	60.00	22	68.75	25	67.50
Total	5	100.00	32	100.00	37	100.00

10-9 Findings and Conclusions

Following are the main findings and conclusions in the sales management of consumers' cooperative societies in Pune city.

1. A large number of consumers' cooperative societies including the federal and primary consumers' cooperative societies do not have selling plans to increase their sales volume effectively.

Total sales volume of the consumer cooperatives in the study is very low as compared to the private traders or retailing organizations.

Most of the societies sell only controlled goods including controlled sugar, cloth, kerosene, foodgrains, etc.

2. There is no scientific thinking for fixing the selling prices of the commodities to be sold to the customers.
3. One of the weaknesses of the consumers' cooperative societies in Pune city is that very few societies undertake sales promotion campaign while a large number of societies are totally absent from sales promotion activities. It affects their sales turnover.
4. There is no clearcut policy regarding credit facilities to be given to the customers.
5. It was found that sales are made to very small size of members. More than 70 per cent members do not make their

purchases from their own consumer cooperatives.

6. Stock taking is a very important aspect of sales management in most of the societies. Stock taking is not scientifically carried out. There is no regular stock taking system introduced in the societies.



