Chapter VII

SUMMARY OF FINDINGS, CONCLUSIONS AND SUGGESTIONS

This chapter is an attempt to comprehend the findings based on the analysis and the conclusions drawn from those findings and the feasible suggestions for the improvement of the systems.

The analysis and interpretation of the data collected from the field study leads to the following inferences. Different statistical tools, of percentages, averages, measures of dispersion, comparison of data, graphs, charts, diagrammatic presentation, testing of hypothesis etc. are made use of for the study and the following findings are made.

7.1 Findings

The super markets are mainly located near thickly populated areas where the operating expenses on acquisition of premises, rent etc. are less compared to the urban market places. In the urban areas the acquisition of premises and godowns cost more than 100 times and same is the case of rental expense. The semi urban outlets are also having high sales turnover compared to urban outlets. The rural areas lack marketing facilities and the reason for the non-existence of super markets is the chance of operating at a loss on account of low sales turnover, lower purchasing power of the rural population etc. The
rural consumers have to travel more than 40 miles to get access of a supermarket in same cases. The government owned Maveli store have to come forward and establish their outlets on a service-oriented basis in the rural areas.

Supermarkets are of recent origin, in our country, even though in advanced countries they have given way to other forms of retailing. The capital investment in this line is much less compared to other lines. The entrepreneurs start this type of outlets in order to get high rate of return on their capital investment. Self-service, display, low price etc. are the favourite features of marketing from these outlets. Majority of the supermarkets reduce prices for certain fast moving items in order to catch attention of the public. Supermarkets promote their own brands produced, processed, repacked etc. in which they earn more profit. Rapid changes are taking place in the retailing sector. The supermarket form of retailing has given way to Super stores, Hyper market, Discount houses, Speciality Houses etc. in advanced countries. The owners of supermarkets in our country are aware of the changes taking place and they are willing to accept or change their mode and form of business.

**The main drawbacks faced by the home delivery system are the following.**

1. It is suitable to urban areas of thick population. The rural areas, where people are scattered and where infrastructure facilities, are not adequately developed are not suitable for home delivery system.
2. The home delivery system denies the scope for selection. The consumers often purchase the goods by selecting among the different brands. The pleasure of marketing on holiday trips also is denied.

3. There is chance for supply of low quality and inferior goods.

4. There is the inability to meet customer satisfaction, which is the slogan of modern marketing.

The suggestions for improvement of the system include

1. Supply of graded and good quality goods should be made available.

2. The time lag between order and supply should be minimised.

3. The facility for returning the rejected goods should be provided.

4. Home delivery system has to be made in mobile vans, which should stock variety of items.

5. There should be arrangements for taking orders and collection of cash.

6. Experienced and efficient sales personnel should be appointed.

Profitability

In the retailing sector, the profitability is below 5% and this is much lower than the Western outlets. The profitability of the supermarkets is even below the line of 5% compared with other lines. In order to survive the supermarkets have to adopt same innovative techniques. The survival will be difficult if they are not adopting these changes. The low gross profit cannot be increased as these units are facing severe competition. The only alternative is
to increase their turnover, thus resulting in high profits. The means for increasing profitability are reducing expenses and increasing turnover. The operating expenses in this new line of retail outlet cannot be minimised from a certain level. Many operating expenses are new and particular to self-service operation and display of merchandise in the supermarkets. For increasing the turnover advertisement and other modern techniques to arouse consumer awareness are the only solution. Heavy dependence on advertisement causes further spurt in operating costs. Hence a viable alternative for the supermarket to increase their profitability seems to be the Home Delivery System.

The direct marketing activities as practiced, now a days is not at all acceptable to the public. The consumer responses clearly establish this fact. The people do not like the disturbance and interference of strangers on holidays, when they leisurely watch the television or while being engaged on other activities. They definitely find the intrusion of direct marketers as a nuisance. At the same time they extend a hearty welcome to home delivery system, which helps them for this type of leisure habits by saving their precious time. The future slogan of the consumers seems to be-

'Welcome - welcome to home delivery system'.

The home delivery system in our country is in its infancy stage and there is very good scope for it with its inherent economies. It definitely widens the retailing and adds new dimensions to it. The unemployed, and the thrown outs from the agricultural sector can definitely adopt it as a means for their livelihood.
The benefits and advantages derived from the home delivery system are economies in cost and time. It saves the cost of purchasing (transportation charges, expenses on marketing etc.) to the consumer. Time, which is the most precious asset in modern era, can be saved to a great extent. For acquiring the different necessaries the people have to wander to the different doorsteps in a busy market. The new method of retailing, home delivery system is an alternative for them. Thus cost and time economy are accrued to the consumers. For the business community it is an alternative channel choice, which lays golden eggs. With limited capital, limited manpower and other infrastructures the system can be easily run benefitting the owners.

Modern supermarkets provides all kinds of goods and services under one roof. This is found in advanced countries with the growth of giant retail outlets. The same scene is taking place in our country. The people market from the shop where they get 'A to Z' items even though they have to pay a little extra cost.

The consumer survey clearly establishes the fact that they often purchase from the super markets. Its modern and novel features of self service, display of merchandise low prices etc. are appealing to the consumers and they are of the opinion that the arrangements in the super market are "super" and they don’t seem to have any adverse comments about a super market.

The consumers are aware that in order to get more turnover the super markets are reducing prices for certain items and charges very high rate for others. The consumers very often prefer the brands of the super markets. The
purchasing habit of the consumers clearly shows that they often make purchases from the super markets even if they have to pay a little more.

The self-service operations of the super markets result in heavy loss to the owners by theft etc. The customers are free in a self-service super market and are free to go to every nock & corner of the shops in search of their favorite products. Hence the risk of loss by theft is more. In most of the super markets the customers are not allowed to take their handbags when they go for selecting the items. Some of them have installed close circuit TVs and some others have appointed supervisors to watch the customers. When pilferage is detected the customers will be embarrassed and consequently super markets will loose their customers. The owners of the super markets are in a predicament because such detect on and consequent action are likely to result in the loss of a customer. Hence the old philosophy prevails, “Prevention is better than cure”.

The super markets are offering the products at low prices to the consumers. This is possible to them on account of the cash and carry operations. No credit facility is allowed and almost all sales are effected on cash basis. This helps them to make ready cash purchases availing the maximum schemes and discounts. Thus they can effect reduction of prices below the MRP compared to other retailers. This type of operations benefits the society at large.

The Home Delivery system provides more job opportunities. In a country like ours, which has the largest number of unemployed persons, it is a
real boon. For the smooth functioning and performing the delivery activities, additional sales personnel are definitely required. Many activities to be performed by the consumers are aided by sales staff. Thus the society at large is benefited by creation of job opportunities, which is an additional merit of the Home Delivery system.

The consumers are of the opinion that the Home Delivery system denies the pleasure of shopping. The modern families in the nuclear set up often goes on family tours and in the mean while find time and opportunity to purchase their household needs. The pleasure of holiday family trips is denied on the adoption of Home Delivery system. By becoming a customer of home delivery system every thing is brought to their doorstep. If there is no need to go for marketing the family trips are to be curtailed. Thus the Home Delivery system denies the pleasure of shopping.

The data gathered from the field study were analyzed with the help of accounting ratios. The analysis clearly establishes that the return on investment of the retail outlets is much higher compared to super markets. The high sales turnover, the low operating expenses, low fixed capital investment etc. help these outlets in attaining the very high rate of return on investment. In order to start a new Home Delivery unit it needs only limited capital compared to other retailers. Similarly it only needs little amount of intellectual manpower to manage it smoothly unlike manufacturing and wholesaling. Thus the future prospects of the system seem to be promising and it will emerge as a new channel of distribution in the near future.
7.2 Conclusions

The findings summarised in the previous pages lead to the following conclusions

A. Present Status

- Home delivery system is in its infancy stage.
- Future prospects of the system seem to be promising.
- There is great scope for new entrants.
- Retail outlets having home delivery enjoys better profitability compared with those not having this feature.
- On the basis of return on investment Home Delivery units enjoys on obvious advantage over other retailers.

B. Consumer Responses

1. The service expected from supermarkets is free home delivery.

2. The Home Delivery system has welcome appeal to the consumers. They are of the opinion that direct marketing activities are really a nuisance and irritating.

C. Main Drawbacks

1. Now-a-days marketing is often done as a family pleasure trip. The Home Delivery system denies this pleasure of shopping.

2. There is the chance of delivering low quality and cheap goods.
3. It limits the scope for selection among the different brands.

4. The system is not effective in rural areas where infrastructure facilities are comparatively less.

**Suggestions for improving the system**

1. Supply of fine quality goods

2. Reduction in time lag between order and supply

3. Facility for returning rejected goods

4. Provision of Mobile van supplies, stocking other items

5. Arrangements for taking orders and cash

6. Appointment of good sales personnel

**E. Benefits derived from the system**

1. Advantages of cost of purchases to the consumer

2. Saves the precious time of the consumers.

3. With limited resources both materially and intellectually it can be easily run unlike manufacturing, and wholesaling.

4. It provides more job opportunities

**F. Consumers Satisfaction**

1. The consumers are purchasing from the super markets even if they have to pay a little more.
2. The consumers are satisfied on the arrangements and services extended to them by the super markets.

3. Private super markets are offering better services than the government owned Maveli Stores.

G. General

1. Capital investment for establishing retail outlets in urban areas is much higher than others.

2. The rural areas lack marketing facilities, which is to be looked into by the government owned Maveli stores.

3. By availing discount on cash purchases, the prices of the products can be reduced to increase turnover.

4. In order to face competition adoption of the Home Delivery system is the only alternative to the super markets.

5. Employment of sales personnel on commission basis generates better results.

6. The self-service operations result in great loss and alternatives for it must be looked into.

7.3 Suggestions

Based on the findings and conclusions drawn from this study the following suggestions seem feasible for the improvement and development of the Home Delivery System. It is hoped that if these recommendations are
taken care of they would benefit the public, the business community and the society at large.

1. The retail outlets not having the system can adopt it to enhance their returns on capital employed.

2. Home Delivery System definitely enhances the scope of retailing with its inherent economies.

3. There is a favourable environment for new entrants into this field. It will emerge as a new channel of distribution of the future.

4. By proper planning and adopting a systematic method, it will be a commercially viable project.

7.4 Directions for future research

From the theoretical and practical knowledge gained from this study the researcher is pleased to offer the following areas for further research by future researchers who would choose related topics in marketing.

1. Formulation and maintenance of customer database, helpful to retailers, wholesalers, producers and others.

2. Inventory and purchase control, management studies relating to super markets can be done considering the low capital investment and high turnover of supermarkets

3. Make comparative studies of Maveli and other public sector retailers with private owned super markets.
4. Make studies on profitability of supermarkets, home delivery system, and other retailers. Since it is difficult to collect data relating to profit, turnover, investment, etc. under direct methods, indirect methods are suggested for ascertaining the profit and turnover.

5. Study on consumer satisfaction with particular emphasis on display of merchandise and consequent convenience to consumers and consumer behavioural patterns with references to super markets and home delivery system.

6. Cost reduction techniques of super markets for an achievement of profit maximisation goal.

7. Lay out of super markets – physical lay out of super markets can emerge as a thought provoking area akin to lay out of factory in factory organisation.

8. Organisational behaviour of super markets - interaction between employees – customers and owners.

9. Super markets and monopolistic competition – monopolistic competition reaches new heights in this system. Hence its consequences are worth studying.

Home delivery system upholds the saying that “customer is the king”. It is a unique method of serving the customer by perpetuating economies of time, cost and effort. Hence there is ample evidence to support the claim that Home delivery system is likely to emerge as a new and innovative channel of
distribution. The mother of this new baby is the revolutionary changes happening on the horizons of the retail marketing, which has culminated in the establishment of giant retail outlets popularly known as super markets.

Super markets have flourished, nourishing on twin basic principles. One is financial and another is psychological. The former is that bulk purchases combined with high value of sales can help a business to thrive even on low profit margin. The latter is a belief that twenty first century consumers are more enlightened than their predecessors. “Consumers can do no wrong” is amply illustrated by the self-service option offered to customers the pleasure of selection by personal choice. By recognising, accepting and endorsing the sovereignty, independence and intellectual capacity of the modern consumers supermarkets are likely to dominate our retail sector and much of the future developments worth studying are likely to take place in them.

In the context of lack of research studies relating to supermarkets and home delivery system the researcher feels that this attempt would serve a useful purpose. Besides it is hoped that the study would act as a stimulant to further research on the same or related field. The researcher shall feel amply rewarded if this study kindles some intellectual interest and challenge for further research.

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