

Draft Study Material



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Sector: Retail

(Grade XI)

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PSS CENTRAL INSTITUTE OF VOCATIONAL EDUCATION

(a constituent unit of NCERT, under Ministry of Education, Government of India)

Shyamla Hills, Bhopal- 462 002, M.P., India

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Preface

Vocational Education is a dynamic and evolving field, and ensuring that every student has access to quality learning materials is of paramount importance. The journey of the PSS Central Institute of Vocational Education (PSSCIVE) toward producing comprehensive and inclusive study material is rigorous and time-consuming, requiring thorough research, expert consultation, and publication by the National Council of Educational Research and Training (NCERT). However, the absence of finalized study material should not impede the educational progress of our students. In response to this necessity, we present the draft study material, a provisional yet comprehensive guide, designed to bridge the gap between teaching and learning, until the official version of the study material is made available by the NCERT. The draft study material provides a structured and accessible set of materials for teachers and students to utilize in the interim period. The content is aligned with the prescribed curriculum to ensure that students remain on track with their learning objectives.

The contents of the modules are curated to provide continuity in education and maintain the momentum of teaching-learning in vocational education. It encompasses essential concepts and skills aligned with the curriculum and educational standards. We extend our gratitude to the academicians, vocational educators, subject matter experts, industry experts, academic consultants, and all other people who contributed their expertise and insights to the creation of the draft study material.

Teachers are encouraged to use the draft modules of the study material as a guide and supplement their teaching with additional resources and activities that cater to their students' unique learning styles and needs. Collaboration and feedback are vital; therefore, we welcome suggestions for improvement, especially by the teachers, in improving upon the content of the study material.

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Module Overview

The process of developing, communicating, delivering, and trading various products and services that are valuable to customers, partners, and society as a whole is known as marketing. It entails identifying a product, calculating demand, and deciding on distribution routes. It also includes planning and executing a marketing strategy. Marketing refers to all of a company's operations that are related to buying and selling a product or service. It also entails identifying what customers desire and whether or not it will be possible to produce it at a reasonable cost.

Marketing means understanding the need of the customer and satisfying them. A company's long-term success is depending on the need of its customers. It also finds ways to add value through various approaches. Business-to-business marketing involves supplying other companies with various products or services. Companies that are selling products to other businesses are industrial goods. Industrial goods also include raw materials for the companies that prepare plastics yarn for use in the textile trade. Business to business services includes management consultancy, training provision, legal advice, or training provision.

Marketing process directly to consumers refers to how to target the individual people who purchase products and use services. People purchase products for their consumption like durable goods. Most of the organisations include an integrated marketing approach that focuses on both individual consumers and businesses at a similar time.

The practice of making items or services available to consumers or business users who require them is known as distribution. This can be done either directly by the producer or indirectly through middlemen.

Retail experts are attentive of the importance of the retail distribution channels and tactics, and they apply the appropriate approach to the appropriate product. The way a vendor makes products and services available to consumers is through retail distribution channels. These pathways might be either direct or indirect distribution channels. To comprehend distribution marketing, you must first comprehend marketing fundamentals. This course, which consists of four sessions, focuses on the fundamentals of marketing.

The first session describes the significance of the marketing idea, the second session explains the functions of marketing, the third session focuses the physical distribution and the fourth session elucidates facilitative functions of marketing.

Learning Outcomes

After completing this module, you will be able to:

- Understand meaning and importance of marketing and marketing concepts
- Classify the functions of marketing
- Demonstrate the exchange functions of marketing
- Demonstrate the facilitative functions of marketing

Module Structure

Session 1: Significant of Marketing Concepts

Session 2: Functions of Marketing

Session 3: Functions of Physical Distribution

Session 4: Facilitative Functions of Marketing

Session 1: Significance of Marketing Concepts

The growth of the industry and economy depends upon the market demand. Marketing creates demand by identifying the requirements of the customers and increasing the demand. It identifies the gap in demand and supply in the market. Increased business operations converted into new employment opportunities for the society and it improves the standard of living. It generates value for the products and services. Marketing is an exchange function through which exchange occurs between businessmen and customers to generate profit. Marketing is a function that satisfies need of business persons and customers both. It is a procedure of identifying the customers need and want, designing a product or services, and selling it to them.

There are various activities of marketing like product design, pricing, promotional policies and strategies, distribution, customer satisfaction and customer retention.

MEANING OF MARKET

A market is a gathering place for buyers and sellers to exchange goods and services (fig.1.1). It is a group of buyers and sellers who work together to provide goods and services. It is the place where the consumers who are interested to pay for the products or services.



Fig. 1.1: Market

Source: <https://bit.ly/3Zv4ZdK>

MEANING OF MARKETING

Marketing involves the need and desires of the customers and markets. Demand stimulation and fulfilment efforts are the focus of marketing initiatives. All actions interact with one another as the company develops its products, promotes, distributes and prices through marketing channels.

Exhibit 1: Definitions of Marketing

According to the American Marketing Association, marketing is the collection of institutions, activity and procedures for developing, delivering, communicating, and exchanging valuable offers for customers, partners, clients, and society.

According to the Chartered Institute of Marketing, is the management activity of discovering, predicting, and economically satisfying consumer expectations.

According to Philip Kotler, marketing is a social action in which individuals and groups exchange and create products and value with others in order to acquire what they require or desire.

IMPORTANCE OF MARKETING

Marketing is depending on the selling of products and services. An increase in the efficiency of marketing will result in a lower cost of distribution and lower prices of the products and services. Marketing brings new varieties of products to the consumers. It creates employment opportunities in the market. Marketing activities are necessary for the following reasons:

- 1. Firms:** Marketing deals with identifying and fulfilling the requirements of the customers and wants that helps to survive in the competitive market.

It helps in searching for solutions and helps in generating revenues which leads to the expansion of the organisational system.

- 2. Customers:** Marketing fulfils the need of the customer. It delivers the proper number and quality of products to clients, as well as a diverse choice of items as well as innovative products and services. Customers enjoy new products and services and enjoyed them.
- 3. Society:** Marketing creates new demand for products and services. Business leads to employment opportunities, improves the standard of living and increases the income.

MEANING OF MARKETING ENVIRONMENT

The business environment or market environment is a marketing term. It refers to factors that affect an organisation’s ability to maintain and build successful relationships.

The totality of social and physical factors are directly associated with the decision-making behavior of individuals in the organisation. There are three levels of the business environment which are as follows:

- 1. Internal Environment:** Firms employ its internal elements to communicate, generate, and provide market products. Various activities are purchasing, sales promotion, advertisement department, finance department, research and development department, etc.(fig.1.2)

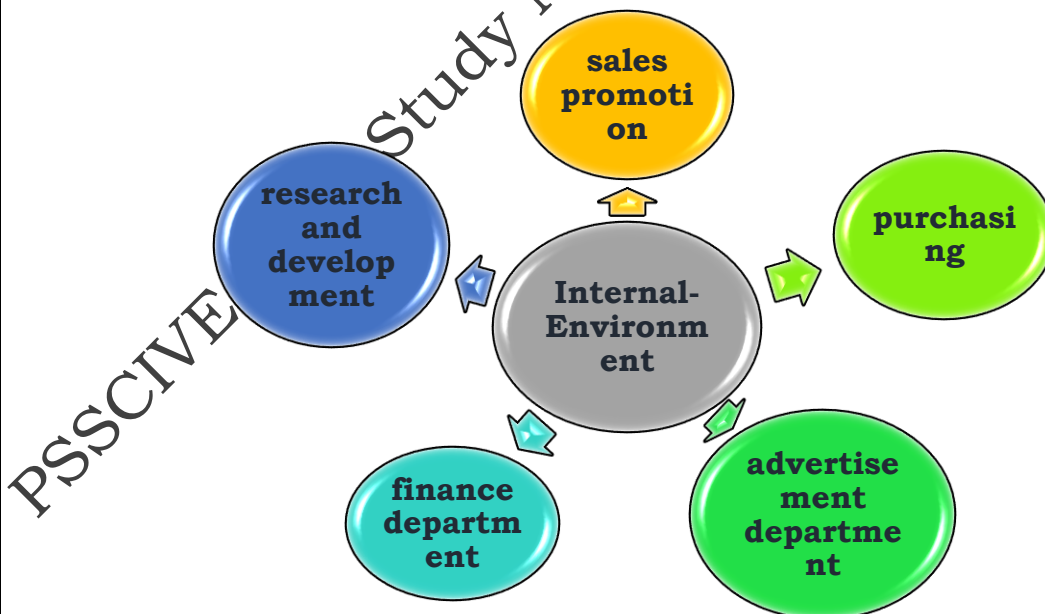


Fig. 1.2: Internal Environment

- 2. Micro-Environment:** These are small forces external to the organisation that affects its ability to provide customers services. The micro-

environment are competitors, suppliers, intermediaries, customers and the public (fig.1.3).

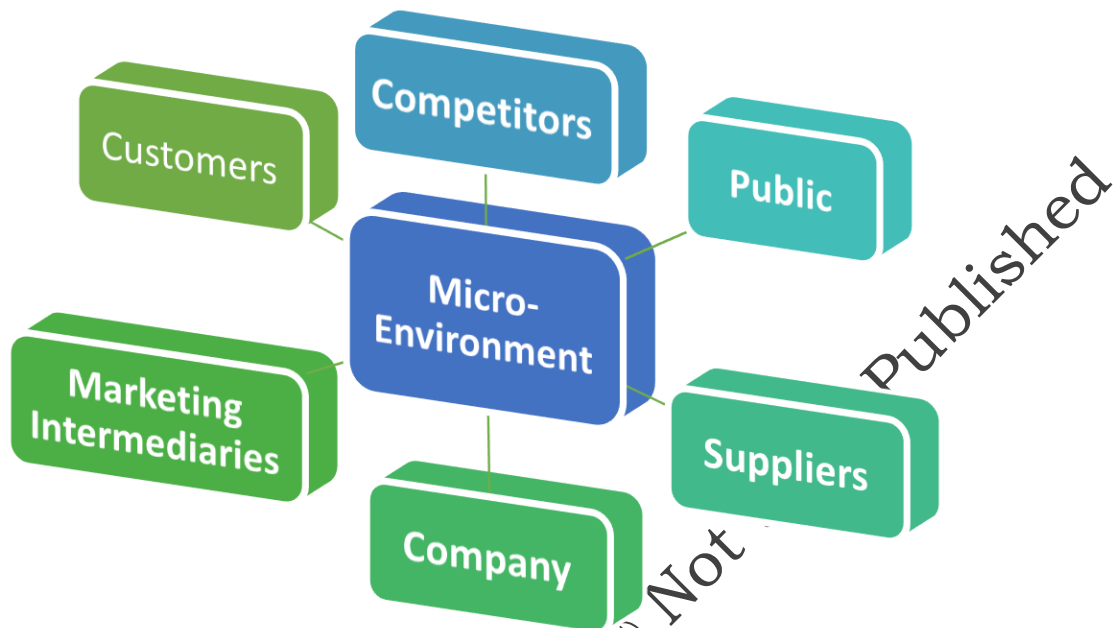


Fig. 1.3: Micro-environment

3. External Macro-Environment: These are bigger societal forces that make impact on the existence of the organisation. Macro environment are demographic environment, economic environment, technological environment, political environment and cultural environment (fig.1.4).

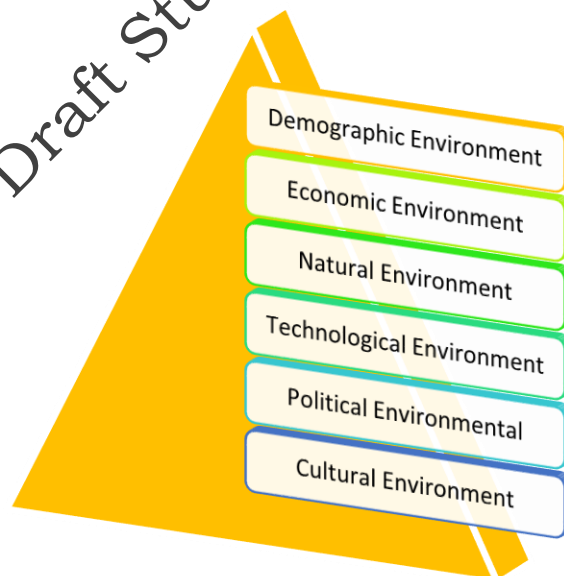


Fig.1.4: Macro-environment

CONCEPTS OF MARKETING

Marketing explains the philosophy that is focused on customer's needs. It analyses the need of the customers and taking appropriate decisions that assist the organisation to make customers satisfied in a better way than competitors. To understand the marketing concept, it is necessary to review the firms and the marketing practices of retail stores.

- 1. The Production Concept:** The basic notion behind the production concept is that organisation can sell what they are producing. This supply product is at a less price and demand is created by itself. According to this notion, the product should be extensively available in the market, with a focus on product quantity.

This relates to producing huge quantities to capture the market as much as likely and products being produced where the necessities and variety of products are not available. This approach emphasizes that items should be broadly available in all marketplaces, and so focuses on product quantity rather than quality.

- 2. The Product Concept:** Under this concept, the orientation is towards a product that mainly concentrates on its quality. The marketers assume that as long as their products were of a high standard, people would buy and consume the product. Consumers do not mind paying a higher price but they prefer quality rather than quantity and they feel pride in purchasing high-priced goods to reflect their status.

- 3. The Selling Concept:** The company feels that if the customer is left alone, he or she will not purchase enough of the company's items. Customer requirements and desires are not addressed, and the main focus is on advertising things that are manufactured by the companies themselves.

All the efforts have been put only on how to sell the products/services rather than giving what customer requires and customer satisfaction is also not a matter of concern. Once competition increased in production and on the other side if there is less unfulfilled demand, then all the firms turn toward the selling concept. As a consequence of competition, the companies were not only confident in producing the products but they are also forced to sell them to customers through personal selling and advertisement.

This concept assumes that the consumer is not allowed to sit alone without product information for which promotion is required to incline him or her to purchase the goods. Hence, he or she must be motivated, inspired by the marketer which is possible through promotional programs. The concept ignores the identification of customer needs;

businesses are only interested in outselling their competitors by selling more while ignoring customer satisfaction.

- 4. The Marketing Concept:** Under the marketing philosophy, all businesses shifted their attention from hard selling to identifying consumer needs, deciding to meet those needs, and sustaining long standing relations with customers by meeting their evolving demands.

Customers now have access to a widespread range of items following World War II, and hard-selling alone is no longer sufficient to stay afloat in the market. Customers' discretionary income has increased as well, and they have become more discriminating in their purchases, purchasing only those things that precisely fit their evolving wants. Firms were compelled to consider the actual wants of customers and how to meet them in a meaningful way, resulting in the evolution of marketing concepts.

- 5. Societal Concept:** The societal concept strikes a balance between consumer satisfaction, profits and the long-term welfare of society (fig.1.5).

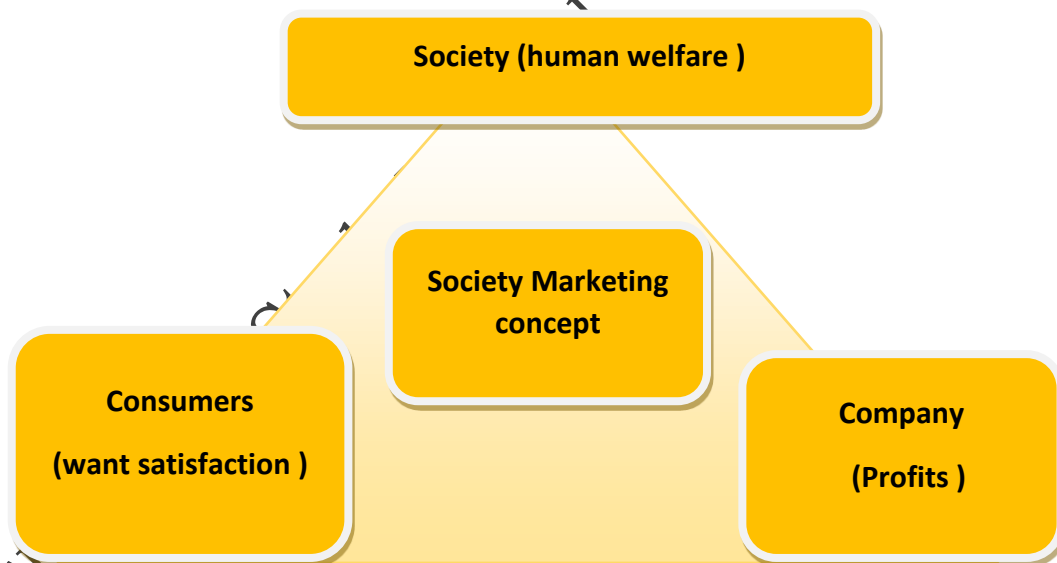


Fig. 1.5: Societal Concept

This notion emphasizes social responsibility and proposes that a business should provide value to customers in a manner that benefits both the customer and society. Customer needs and wants are identified, products are produced to meet them, the customer is satisfied and a healthy connection is maintained, and the welfare of society is protected in this notion. Marketers must deliver pollution-free items, and the technology employed must not pollute the environment. The diagram depicts the fundamental principles of social marketing.

MARKETING PLANNING

To assist the organisation in achieving its marketing objectives, the marketer develops a marketing plan. A corporation, for example, has a 25% market share in a specific product. The organisation's aim is to increase it to 40%. The marketer must plan the level of advertising and production efforts in order to achieve the target. The process of defining who will do what, when they will do it, and how they will do it is called as marketing planning.

Activities

Activity 1: Visit the marketing agency and identify what type of marketing activities they perform.

Material Required: Notebook, pen, questionnaire

Procedure:

1. Make a group of 4 students.
2. Visit 2-3 marketing agencies.
3. To identify the marketing activities, ask the following questions to the distributors
 - A) What is the marketing planning for distributing products?

 - B) What are the products sold by you?

 - C) List out the important points for performing marketing activities.

 - D) What are the marketing practices following you?

4. Note down the important points in the notebook.
5. Discuss with the students.
6. Prepare a brief report and submit it to the teacher.

Activity 2: Group discussion on the importance of marketing

Material Required: Notebook, Pen, Pencil

Procedure:

1. Make a group of 4-5 students in each group.
2. Ask them to write notes on the significance of marketing.
3. Write down key points.
4. Assign 2-3 minutes to each student to read and prepare the notes on the importance of marketing.

5. After the above preparation allow students to do discussion in the group.
6. In the last summarise the topic by every group.
7. The teacher evaluates the discussion.

Check Your Progress

A. Fill in the Blanks

1. _____ means to understand the need of the customer and satisfy them.
2. _____ is the procedure of making goods or services accessible to consumers or business users who require them.
3. A place is a gathering place for consumers and sellers to exchange goods or services is called as _____.
4. _____ are competitors, suppliers, intermediaries, customers and public.
5. _____ are demographic environment, economic environment, technological environment, political environment and cultural environment.

B. Multiple Choice Questions

1. Various activities of the internal environment are _____.
 - a) finance
 - b) purchasing
 - c) sales promotion
 - d) All the above
2. Micro-environment are _____.
 - a) suppliers
 - b) intermediaries
 - c) competitors
 - d) All of the above
3. Which of the following is not macro-environment?
 - a) Political environment
 - b) Cultural environment
 - c) Intermediaries

- d) All of the Above
4. _____ believes that if customers are left alone will not buy sufficient organisations products.
- a) Selling concept
 - b) Product concept
 - c) Societal concept
 - d) Production concept
5. Which of the following are the concept of marketing?
- a) Production concept
 - b) Selling concept
 - c) Societal concept
 - d) All of the above

C. State whether the following statements are True or False

1. Marketing explains the philosophy that is focused on customer's needs
2. Under this product concept, the orientation is towards the product which mainly concentrates on its quality.
3. Marketing has not fulfilled the need of the customers.
4. The business environment or market environment is a marketing term.
5. Marketing is the set of institutions, activity, and processes involved in generating, delivering, communicating, and trading value-added offerings for customers, partners, clients, and society.

D. Short Answer Questions

1. What do you understand by marketing?
2. What is the market?
3. Write a short note on the marketing environment?

E. Long Answer Questions

1. Discuss the societal concept of marketing.
2. Explain the significance of the marketing concept.

F. Check Your Performance

1. Demonstrate the meaning of marketing.
2. Spell out the product concept of marketing.
3. Prepare a chart on the marketing environment.

Session 2: Functions of Marketing

Marketing functions involve various activities which start with identifying the requirements of the customers, planning the product, supply of goods and creation of customer satisfaction and steps must be started to retain them. Therefore, marketing starts with the customers and ends with the customer. Clark and Clark's classification of marketing functions is based on the exchange of goods, physical supply and facilitating functions.

CLASSIFICATION OF MARKETING FUNCTIONS

Clark's classification of marketing functions is grounded on the exchange of goods, physical distribution and facilitating functions (fig.1.6).

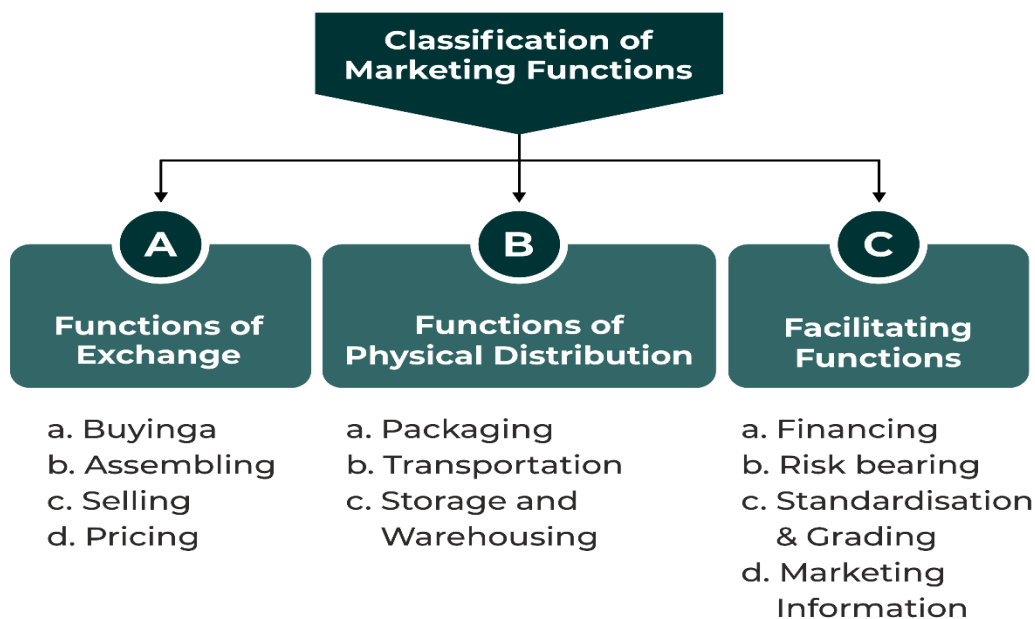


Fig. 1.6: Classifications of Marketing Functions

A) FUNCTIONS OF EXCHANGE

Transferring goods into the consumer's hands is known as the exchange function. This function includes buying, assembling and selling functions. These functions are directly related with the change in the ownership of goods. Every sale includes the purchase, assembling and selling of goods.

1. Buying Function: Buying comprises all activities in searching for a suitable source of supply, selecting the desired quantity, quality, style, grade and size and concerning the price, delivery and other situations

about goods and services which are going to be delivered to the customers.

Buying Decisions

While taking the buying decisions one should keep in mind the needs and requirements of the customers. In this function's goods are purchased for resale or assembled for sale. Buying decisions include:

- What are the types of goods required?
- What are the number of goods to buy?
- When are the goods to be purchased?
- What is the cost included in the buying process?
- What are the terms and conditions offered by the sellers or suppliers?
- Who is the supplier?

2. Assembling Function: After the buying process assembling process starts. It includes the creation and maintenance of the stock from various sources. It is a physical assembly of goods in small lots from various places. It is a significant function in the procedure of marketing both manufactured and agricultural goods. It helps to reduce transportation costs, facilitates grading and storage of goods and makes large-scale financing operations possible.

3. Selling Function: It is the transfer of possession of goods/services by the organisation to the customers in exchange for money. It is a procedure by which an organisation has to satisfy the needs or wants of customers and firms. There are two types of selling which are a direct sales and indirect sales.

Direct sale is the sale in which there is no intervention of the middlemen. In the indirect sale, the manufacturer reaches the consumers with the aid of the middlemen for example wholesalers and retailers. Selling functions can be performed by several methods, for example, online sale, personal selling and sale by description and sale by sample, etc.

FUNCTIONS OF PHYSICAL DISTRIBUTION

The activities required in getting a product from the producer to the end consumer are known as functions of physical distribution. This distribution function not only saves the cost of distribution but also creates demand. This can be achieved by creating place and time utilities for the products. This function includes the decisions regarding transportation, packaging, storage and warehousing.

- 1) **Order Processing:** Order processing is the workflow process with the packing, picking, delivery and picking of the packed products to a shipping carrier and is an important element of order fulfilment. Facilities or operations of order processing called as distribution centres.
- 2) **Packaging:** The packaging function entails creating and designing a manufacturer's packaging. Various activities of packaging are producing and designing the container for a product. The basic function of packaging is to protect the product contents in storage, transit and use helping brand identification, product handling and communicating product messages etc.(fig.1.7).



Fig. 1.7: Packaging

- 3) **Transportation:** Transportation contributes to the usefulness of a location. It allows items to be transported from one position to another. It facilitates the availability of goods in all corners of the country. There are different modes of transportation like truck, bus, ship, airplane, bullock cart, train etc can be used for movement of goods.
- 4) **Storage and Warehousing:** Storage offers time utility. Typically, goods are created in forecasting of demand. Storage of goods is required because of the seasonal production of goods and their regular consumption. Storage is an exercise of human skill by which merchandise are protected from deterioration and surplus is carried over for forthcoming consumption during the time of scarcity. Storage provides time utility. Goods are usually produced in anticipation of demand. Storage of goods is necessary because of the seasonal production of goods and their regular consumption. Storage is an exercise of human skill by which commodities are protected from deterioration and surplus is carried over for future consumption during the period of scarcity. The need for the storage of goods has resulted in the emergence of warehouses. A warehouse is a place where goods are stored to create time utility. There are two types (private and public warehouse) of Warehouse (fig.1.8).

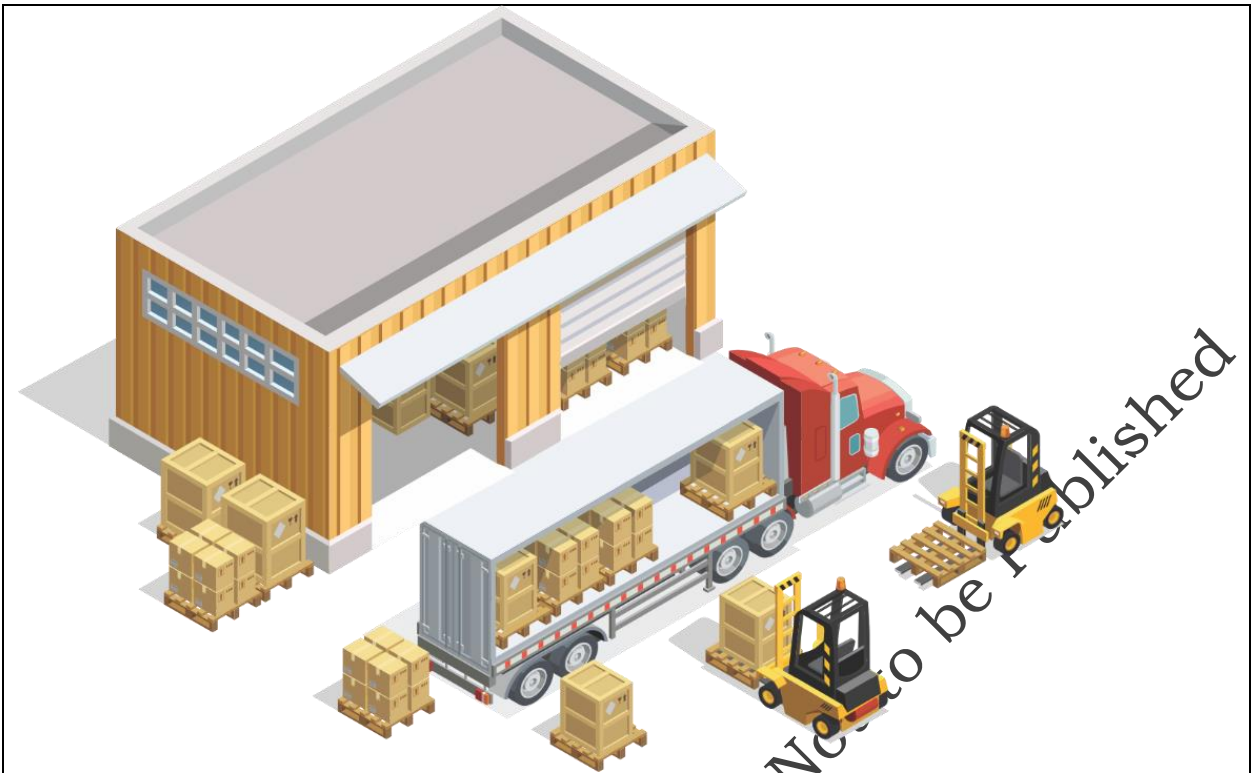


Fig. 1.8: Warehousing and storage

FACILITATING FUNCTIONS

The additional functions relating to the marketing process are called facilitating functions. These functions are assisting in minimising various delays between production and consumption created by place, time, quality and quantity elements. Various facilitating functions are standardizing and grading, marketing information, financing and risk-bearing.

- 1) Standardisation and Grading:** Buyers and sellers prefer standards for the products. Standard is a quantity that is usually accepted as having a static value. Standards are normally determined based on weight, colour, quality and other general features of a product. The grade is to split goods into lots that have approximately the same features, for example, size, quality, weight, colour. Grading is the procedure of categorising individual specimens of a given product to the standard classes to which they belong.
- 2) Financing:** It is the lifeblood of modern business. Marketing and financing functions are interlinked with each other and deal with the policies of the firm. The financing of customer purchases has become a vital part of modern marketing. Sales on a credit basis are a significant device to raise the volume of sales.
- 3) Risk Bearing:** Risk is the universal function and is existing in some form or other in all marketing transactions. Risk in marketing can be

explained as uncertainty concerning cost and the loss of damage. There are various reasons of causing risks which are as follows:

- Unexpected loss from flood or storm, war, strike etc.
- Risk of decline in the quality of products.
- Risk due to accidents.
- Loss due to inequalities in the supply and demand which tolerates a change in the price.
- Government interferences in the form of taxes, duties etc.

Some of the risks can be easily shifted to the insurance companies. For example, risk of burglary, fire accidents, theft and bad debt, etc.

- 4) Marketing Information:** Marketing information comprises facts, estimates, opinions and other information that is used in making decisions that affect the marketing of goods and services. Marketers should have complete information about the target consumers, their habits, preference, purchasing power, motivation etc.

Activities

Activity 1: Visit the business organisation and list out the functions of marketing undertaken by it.

Material Required: Notebook, pen, pencil.

Procedure:

1. Make a group of 5 students in each group.
2. Visit 4-5 retail organisations.
3. Take the checklist and ask the following questions with the marketing manager:
 - a) In what way your organisation do marketing of products?
 - b) What are the steps followed by the distributors to sell products?
 - c) What are the steps followed for completing the exchange functions?
 - d) What are the promotional schemes followed by the distributor to promote products and services?
 - e) Give some suggestions to improve the marketing function.
4. Write down the answers given by the organisations and find out the similarities and differences.
5. Prepare a comparative report of 4-5 retail organisations.

6. Submit a report to the teacher.

Activity 2: Identify the problems and prospects of handling marketing function.

Material Required: Notebook, internet, computer, pen, pencil

Procedure:

1. Make a group of 3 students.
2. Ask them to serve the internet to reveal the following information's:
 - a) Assign the students to collect or identifying the problems and prospects in handling every function of marketing.
 - b) Search various marketing problems of each marketing function in the retail sector.
 - c) Search how to handle marketing problems.
 - d) Problems related to exchange functions.
 - e) How to sell products by the distributor to the retailer.
 - f) How retailers sell products to the customers.
 - g) Case studies of each marketing functions.
3. Write down all the points in your notebook
4. Analyze all the information.
5. Discuss on the collected or identified classmates and finalise the outcome by this activity.
6. The teacher evaluates the performance.

Check Your Progress

A. Fill in the Blanks

1. Transferring goods into the consumer's hands are known as _____.
2. _____ is the transmission of ownership of goods or services by the organisation to the customers in exchange for money.
3. Marketing functions includes the decisions regarding transportation, packaging, storage and warehousing are called _____.
4. _____ creates place utility.
5. The additional functions relating to the marketing procedure are called as _____ functions.

6. _____ is a quantity that is usually accepted as having a static value.
7. _____ is the universal function and is existing in some system or other in all marketing transactions.

B. Multiple Choice Questions

1. Various reasons of causing risks are _____.
- risk of decline
 - risk due to accidents
 - government interference in the form of taxes, duties etc.
 - All the above
2. Marketing information includes _____
- facts
 - opinions
 - information about target customers
 - information regarding all the above.
3. _____ is the lifeblood of the modern business.
- Financing
 - Product.
 - FMCG
 - Electronics.
4. _____ is the sale in which there is no intervention of the middlemen.
- Indirect sale
 - Direct sale
 - Competitor's information
 - History of the product.
5. The _____ includes designing and producing the package for a product.
- brand image Competitors'
 - packaging function
 - manufacturing process.
 - None of the Above

C. State whether the following statements are True or False

1. A warehouse is a place where goods are stored to create time utility.
2. The additional functions relating to the marketing process are called exchange functions.
3. In the indirect sale the manufacturer reaches the consumers with the aid of the middlemen for example wholesalers and retailers.
4. The need for the storage of goods has resulted in the emergence of warehouses.
5. The process of determining the price of a product is called manufacturing.

D. Short Answer Questions

1. What do you mean by physical distribution?
2. What is the packaging?
3. Write a short note on functions of exchange?

E. Long Answer Questions

1. Discuss storage and warehousing in detail.
2. Explain the facilitating functions.

F. Check Your Performance

1. Demonstrate the exchange function.
2. Spell out the concept on buying decision.
3. Prepare a chart on the classification of marketing functions.

Session 3: Functions of Physical Distribution

Marketing is the procedure of the exchange of goods and services. Through the marketing process goods and services are brought to the place of consumption. This satisfies the needs of the customers.

There are the following activities in respect of the exchange of goods and services collecting marketing information, market planning, product design and development, standardization and grading, packaging, labeling, branding, product pricing, customer support, pricing, physical distribution, transportation and warehousing.

The major functions of the physical distribution are order processing, customer service inventory control, transportation, logistics and packaging. The significance of physical distribution was extended to include physical supply and called business logistics.

MEANING OF PHYSICAL DISTRIBUTION

Physical distribution is a marketing function that includes transporting goods from the point of production to the consumption. To finish the task, the decision of four that are considered are transportation, inventory, order processing and warehousing. Physical distribution is the process of delivering items to the correct location at the right time, resulting in time and place utility.

ORDER PROCESSING

Order processing is the procedure of picking, packing and delivery of packaged goods to a shipping carrier is called order processing (fig.1.9). It is normally conducted at the distribution centers.

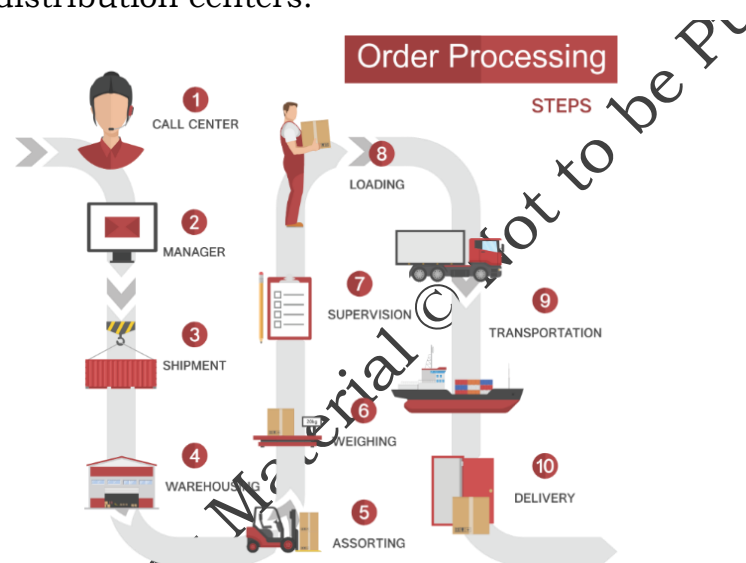


Fig. 1.9: Order Processing

Steps of Order Processing

There are the following steps in the order processing:

- 1) **Picking:** It is the collection of articles in a specified quantity before the shipment process, to fulfill the customer's orders. There are the following types of picking:
 - a) **Piece Picking:** Piece picking is when the orders are picked one piece at a time. This is normally done in repair or mail order catalog companies.
 - b) **Case Picking:** In this case as a whole is picked in its place of a single item.
 - c) **Pallet Picking:** In this whole order is selected at one time and shipped to the customers.

- 2) Sorting:** This is the stage that refers to the categorisation of the picked articles conferring to their destination, size, type, etc., dependent on the customer's orders.
- 3) Package formation:** In this, the pricing, labeling and weighing of the package are done.
- 4) Consolidation:** This is the final step in which final packets are consolidated and filled into the container. This item is ready to be delivered to the customers. The above procedure is a generalized procedure that is reliant on the product and industry variables. Customers' wants can be accommodated by altering this method.

Following factors are considered in the order processing: -

- 1) Nature of the Product:** It is depending on the order processing, for example, shipping of vegetables and clothes required two different processes.
- 2) Nature of the Order:** Some orders are huge and some are small. Therefore, the shipping method is different according to the nature of the order.
- 3) Costs:** Depends on the time required, the weight of the products that are to be shipped.
- 4) Availability of the Labor:** If there is no availability of the labor then the process needs to be automated.
- 5) Seasonality:** Demand for the products varies according to the seasons. Order processing changes according to the season.

To keep the business going it is necessary to fulfill the orders in time. It is also essential to maintain the quality to retain customers happy.

STORAGE AND WAREHOUSING

There is a time lag in the purchase or production of goods and their sale. During the time span, the products must be stored in the safest possible location. Godowns are used for this aim and keeping of goods in the godowns till the same is sold. This is called storage (fig.1.10).

The marketing manager plays a significant role in storage. Any type of negligence can damage the stock. Time utility is created with the aid of storage activity.

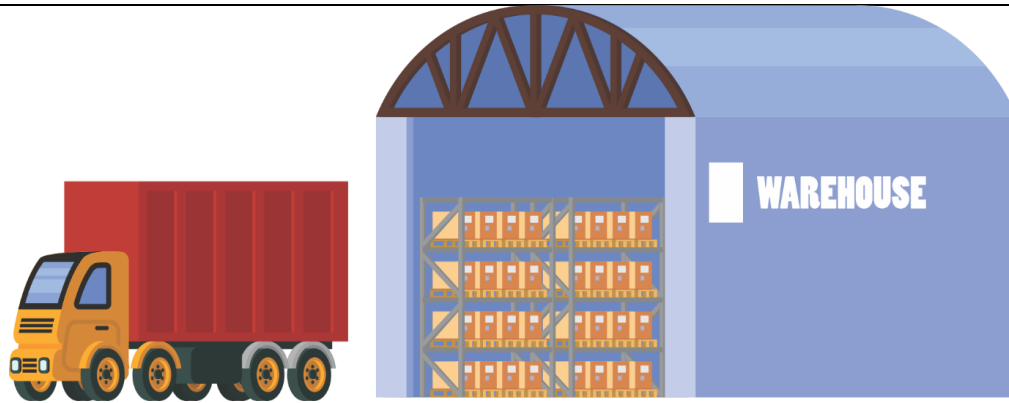


Fig. 1.10: Warehousing

TRANSPORTATION

Production, selling and consumption are the activities that are mandatory to be in one place. Transportation of goods for the physical distribution would be irrelevant. Generally, production is required to carry at one place sale and consumption at another place (fig.1.11).



Fig. 1.11: Transportation

Transport facility is required for production to make available to the consumers. On the roadside various private vehicles which belong to Coca-Cola, Pepsi, Britannia, etc. are living examples of the transportation function. Place utility is created with the transportation activity.

Delivery Schedule

Delivery schedule explains the performance of work as outlined in an order that lists: -

- Each deliverable includes its measurable attributes
- Payment schedule within each deliverable including the closing date
- Final delivery date

Plan Better Delivery Schedules

Scheduling is the process of organizing deliveries for different locations, routes, and drivers so that distributors may complete critical duties and complete every order in the time allotted. It requires a systematic and logical approach

to time management with a clear consideration of all the factors that make impact a delivery operation such as, other deliveries.

- Mapping multiple deliveries stop
- Deadline to fulfil the order
- Destination
- Depot locations (distance to and from inventory sites),
- Geography (delivery area)
- Vehicle capabilities (speed, capacity and fuel consumption)
- Driver availability
- Traffic congestion and speed limits
- And various others aspects related to delivery

Setting significance and creating complex schedules that fulfil conditions without essential objectives demands innovation.

Significance of Good Delivery Schedule

- A good delivery schedule can help to understand an organisation can realistically achieve within a particular time frame.
- There is a need for a delivery planner to execute, plan and evaluate all tasks necessary to finish each delivery.
- Add contingency time for unexpected happens.
- Take orders and handle during the delivery period.
- Avoid taking more orders than operations can handle.
- Maintain quality of service
- Provide drivers and delivery agents
- Implement delivery tactics to achieve long-term objectives
- Various companies fail to comprehend is that time is a limited resource.

Various companies operate within fixed time windows, the time accessible to finish a delivery is never the same. It can differ drastically from industry to industry. For example, a schedule for a restaurant food delivery is dissimilar from a beverage delivery. And it also varies from managing field service operations.

A good schedule depends on availability of staff in the organisation. It is also having the right level of staff to fill the key job roles required for meeting the requirements of your delivery service. All orders are not the same because no customers are the same. For creating the best delivery distributors need to set

priority for every order. For setting priority from highest to lowest for each order plan better schedules because it is necessary to understand which deliveries come first.

In most cases the type of delivery will state which one to schedule first for example:

1. Same-day delivery
2. International delivery
3. Standard delivery
4. 7-day free delivery

Improve Communication with the Customers

Talking to customers assists to know what is going with their orders. It makes them feel more involved in the delivery process which assists to keep things on way. Sending order and delivery notifications to retail customers in the loop about the date and expected time of arrival of their orders. This permit clarifying the drop-off information before confirming the schedule. Send a tracking link to customers and make them aware when the delivery is on its way through text message. Providing updated information's to the customers for their orders.

Manage Delivery Schedules

There is a requirement to use software to plan better delivery schedules. Usage of delivery management software to handle their scheduling. Businesses that invest in this type of delivery schedule experience an increase in productivity. It also assists to save time, resources and money that go straight into consolidating the bottom line.

These tools make it easier to manage operations by permitting them to:

- Keep records of all deliveries and customers.
- Full access to data relevant to the delivery plan
- Automatically assign tasks to the nearest delivery agent
- Reduce learning curve and training
- Organize, communicate and coordinate with drivers and agents
- Track and monitor agents and drivers
- Provide delivery tracking links to the customer
- Take feedback and service ratings from customers
- Collect reports and electronic proof of delivery from drivers

- Send SMS to customers
- Analyze performance data to proper operations
- At similar times CEOs and operations, managers use tools to empower employees.

When staff is more engaged it is easier to meet the requirements of their roles and even outperform them. Happier teams increase the quality of service. High service quality is one of the best ways to enhance customer experience and satisfaction which increases sales.

PACKAGING

The wrapping of things to protect them from damage during transportation and storage is called as packaging. It helps in identifying, promoting, and defining the product while also keeping it safe and marketable.

Exhibit: Meaning of Packaging

According to the Business Dictionary, Packaging is the preparation of a product or commodity for proper transportation. It may comprise blocking, marking, sealing, cushioning, weatherproofing, strapping etc.

The art, science and technology of enclosing or protecting things for storage, distribution, sale, and use is known as packaging. It also refers to the process of package design, evaluation, and manufacturing. Packaging is often defined as a coordinated system for preparing commodities for storage, transportation, logistics, sales, and end-use. It means packing and wrapping of goods to look attractive as well as a secure safety.

1. Holding together the contents
2. Protecting product while passing with the aid of distribution channels

Packaging refers to all the activities comprised in producing and the container or wrapper for a product. Recently packaging is being used interchangeably to mean both packing proper as well as packaging. Traditionally packaging is stated to retail or consumer container and packing to transport containers. Consumer packaging has significant marketing implications while transport containers are more significant from a logistics stand point.

Materials used for Packaging

The following materials are normally used for packaging which are:

- 1) Wood
- 2) Metals
- 3) Plastics

- 4) Paper
- 5) Glass
- 6) Polyesters

New technology permits for 360-degree shrink-wrapped labels to surround containers with graphics. It also includes information on pack and replacing paper labels glued onto bottles and cans. There are various kinds of products that need different types of packaging, for example, solid products are wrapped, liquid products are packed in barrels and bottles. For fragile products organisations uses special container such as glassware.

Packaging and Packing

Packaging: Packaging means covering the product so that it is protected from dust, damage, leakage, pollution, contamination etc. (fig.1.12). Examples, milk packaged in sachets etc., chocolates packaged on a thin sheet.



Fig. 1.12: Packaging

Source: <https://bit.ly/3MnYIOh>

Packing means putting all the packages in a container, big box, crate etc. for storage, handling, transportation etc. (fig.1.13). Packing is the preparation of a commodity or product for proper storage or transportation. It may entail bracing, blocking, marking, cushioning, sealing, weatherproofing, strapping, wrapping etc.



Fig. 1.13: Packing

Source: <https://bit.ly/3IUubwy>

Exhibit: Meaning of Packaging

According to the business, dictionary packaging is a broad function that includes attracting, provide machine identifications, support in promotion, impart additional information and assist in utilization.

Exhibit: Packing

According to **MacMillan** packing is the activity of putting possessions into bags, boxes, or cases so that distributor can send them somewhere. Packaging is the processes such as drying, cleaning and preserving and materials such as metal, glass, or paperboard, plastic employed to handle, protect, contain or transport an article.

Significance of Packing and Packaging

1. **To Provide Physical Protection:** Object packaging ensures that they are protected against vibration, shock, temperature, compression, and quality degradation, among other things. Packing and packaging also protects the product against leakage, dust, breakage etc.
2. **To Enable Marketing:** Marketing relies heavily on packaging and packaging. Sellers use good packaging and packaging alone with labelling to advertise their items. The shape, color, appearance, size etc., are designed to attract the attention of potential buyers.
3. **To Convey Message:** The producer wishes to send a great deal of information about the product to its users. Information on the raw ingredients utilized, the production technique used, usage instructions, and the expiring date, among other things.

- 4. To Provide Convenience:** Packing and packaging also add to the convenience in opening, distribution, storage, handling display, opening, reuse and disposal, examples packages with easy to carry handles, metallic containers.
- 5. To Provide Containment or Agglomeration:** Small objects are put together in one package for reasons of economy and efficiency.
- 6. To Enable Product Identification:** Packing enables a product to have its own identity by designing a unique package through effective colors, shapes, graphics etc.
- 7. To Enhance Profits:** Consumers are willing to pay a high price for packaged items in order to increase profit margins. It lowers the costs of processing, distribution, and transportation, as well as lowering waste and increasing profitability.
- 8. To Enable Self-service Sales:** Effective display and self-service sales are the current retail trends.
- 9. To Improve Brand Image:** Attractive packing and packaging in a consistent manner over a long period of time enhance the brand image of the product.

Classification of Packaging

There are four important types of packaging which are:

Type 1: Consumer Package: Consumer package holds the required volume of the products for ultimate use or consumption and is within the means of a purchasing household. In other words, the consumer has the option of purchasing the pack size that he or she considers suitable for his or her family's use over a period of time while avoiding additional investment during that time.

Type 2: Bulk Package: The difference between a bulk package and a consumer package is that a bulk package is the polar opposite of a consumer package. It's either for industrial users or for a short-term supply. Consumer package is the polar opposite of this. It's either intended for industrial use or loose dispensing. A transit package, sometimes known as an outer container, is frequently required for the bulk cargo to be delivered.

Type 3: Industrial Package: During each phase of the manufacturing process, as well as during transportation and storage, this packaging protects spare parts, semi-finished, and final products.

Type 4: Dual Use Package: After the initial contents of a package have been used, it has a secondary usefulness. Plastic bottles, grocery sacks, and other items come to mind.

Activities

Activity 1: Visit the business organisation and list out the exchange functions.

Material Required: Checklist of exchange functions, Pen, Pencil, rubber

Procedure:

1. Make a group of 4 students in each group.
2. Visit 2-3 retail outlets.
3. Ask the manager about the distributor salesman functions.
4. Prepare a list of products they purchased from distributor.

List of Products

S.n o	Product name	Name of the supplier	Name of the Distributor	Payment mode by the retailer

5. Ask the retailer with following questions:
 - a) What are the steps followed by distributor to plan marketing?
 - b) What are the order process methods used by distributor?
 - c) How retailer store and display the goods in retail outlet?
 - d) Are you satisfying with the goods delivery process?
6. Prepare the report and submit to the class teacher.

Activity 2: Demonstrate order processing function, warehousing function and transport function.

Material Required: Some of the FMCG goods, papers, checklist, pen, pencil

Procedure:

1. Make a group of 5 students in each group.
2. Ask the students to prepare checklist of the requirements of the following functions:
 - a) Steps of Order processing function

- i) Picking
- ii) Sorting
- iii) Package formation
- iv) Consolidation

b) Warehousing

- i) Time-lag in the purchase and their sale. Storing goods.
- ii) Transportation
- iii) Mode of transportation
- iv) Duration

3. Ask the students to demonstrate the order processing, warehousing and transportation activities.
4. Teacher support and evaluates the demonstration activity.

Activity 3: Prepare notes on problems and prospects in handling every function of distribution marketing

Material Required: notebook, paper, pen

Procedure:

1. Write down the main points on problems and prospects in handling each and every function of marketing.
2. Take the notebook and use internet.
3. Search various problems in handling every function of distribution marketing
4. Write down in the notebook.
5. Explain all the points.
6. Teacher support students in writing the notes.
7. Students submit the notes to the teacher for evaluation.

Check Your Progress

A. Fill in the Blanks

1. The process of picking, packing and delivery of packaged goods to a shipping carrier is called as _____.
2. _____ is the collection of articles in a specified quantity before the shipment process, to fulfil the customers' orders.

3. _____ facility is required for the aim of production to make available to the consumers.
4. Demand of the _____ varies according to the seasons.
5. _____ is the function of marketing for transporting things from the place of production to the place of consumption.

B. Multiple Choice Questions

1. _____ is the process of picking, packing and delivery of packaged goods to a shipping carrier is called order processing.
 - a) Product handling
 - b) Product lines
 - c) Order processing
 - d) None of the Above
2. When the orders are picked one piece at a time it is called as _____.
 - a) case picking
 - b) piece picking
 - c) pallet picking
 - d) information regarding all the above.
3. Following factor is considered in the order processing.
 - a) Nature of the product
 - b) Nature of the order
 - c) Costs
 - d) All of the above.
4. This is the stage that refers to the categorization of the picked articles according to their destination, size, type etc., depending on the customers' orders.
 - a) Package formation
 - b) Sorting
 - c) Consolidation
 - d) None of the Above
5. _____ is the final step in which final packets are consolidated and filled in to the container

- a) Brand image
- b) Consolidation
- c) Manufacturing process.
- d) None of the Above

C. State whether the following statements are True or False

1. Physical distribution is the function of marketing for transporting things from the place of production to the place of consumption.
2. Order processing is the process of picking, packing and delivery of packaged goods to a shipping.
3. The process of exchanging products and services is known as market.
4. There is not a time-lag in the purchase or production of goods and their sale.

D. Short Answer Questions

1. What do you mean by physical distribution?
2. What is order processing?
3. Define warehousing?

E. Long Answer Questions

1. Discuss the factors considered in the order processing?
2. Write a note on Transportation.

Check Your Performance

1. Demonstrate the physical distribution.
2. Group discussion on order processing function and transportation.
3. Prepare a chart on the functions of the physical distribution.

Session 4: Facilitative Functions of Marketing

Facilitative functions in marketing include financing, market information, standardization and grading and risk-taking. Let us discuss one by one.

Financing Functions of Marketing

Marketing process requires vast financial resources for the investment in the buildings, land, furniture and so on for keeping stock of goods and extending credit to the purchaser. To meet these demands, a huge amount of capital is required, and the method through which this capital is given is known as financing. There are those who require the skills essential to manage a business but lack the financial resources to do so. There is also other type of

people who have capital but insufficient time or the desire and ability to invest. Finance functions helps to overcome various problems. It is quite difficult to carry out marketing efforts smoothly without adequate and low-cost financing. Various credit societies, commercial banks and government agencies arrange medium, short-term and long-term finances.

1. Risk Bearing Function of Marketing

Marketing of goods comprises countless risks due to accidents, deterioration, and theft etc. Price changes are the most major aspect that contributes to the risk. Changes in fashion, consumer preferences, greater competition, natural disasters, and other factors may all play a role. Businesses should be required to anticipate business risks and take measures to mitigate them through hedging and insurance. Business people must bear the risks that are inescapable.

The wholesaler makes it easy to carry a stock and holding for the retailer and offers prompt delivery. The whole distribution channel objective is to make available goods to the intermediaries and then to final customers. Generally, wholesaler gives guarantee to the retailer for the merchandise they sold. A wholesaler helps to reduce manufacturers risk. There are various risks like damage to the goods, changes in the economic values of goods, physical loss, mismanagement and credit losses etc. An intelligent businessperson reduces risks. Some of the risks are insurable while other risks are not.

2. Grading and Standardization Function of Marketing

A standard is a metric that is used as a benchmark for comparison. Standards are established based on a product's color, weight, quality, and other characteristics. The standardization procedure makes it easier to produce and sell things.

Grading is the process of categorizing things into different groups based on some of its most important characteristics and attributes, such as quality, size, and so on. Diverse product characteristics should be divided into groups, and related quality products should be graded. Grading is required for the products which are not produced according to the predetermined specifications for example farming products, oranges etc.

3. Marketing Information Function

According to the marketing concept, a major aim of any enterprise is to yield goods and services to satisfy the customers need and want of society and earn profit. Marketing managers should seek data about their specific market size, types of customers, location, knowledge of competitors, shifts

in the consumer demands, and general economic trends in the country (fig.1.14).

Gathering of the market information is called marketing research.

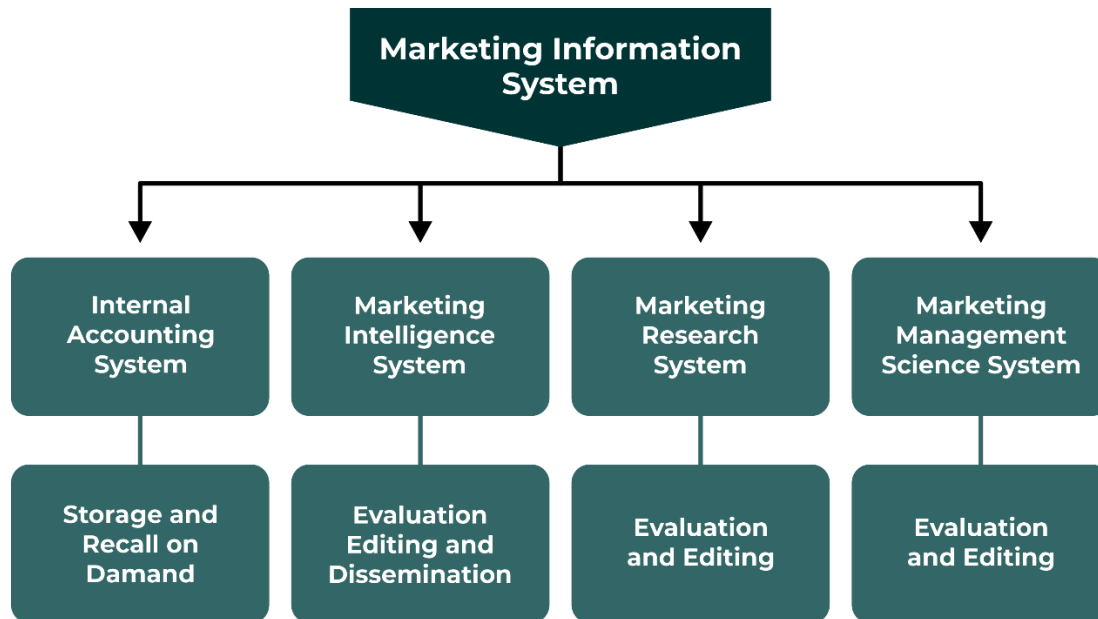


Fig. 1.14: Marketing Information System

Information is the way of sending, recording, receiving and analyzing messages. Marketing managers analyse the findings of consumer research and to make projections of the future marketing conditions. Information gathering easy to communicate and develop. Marketing research helps to solve problems related to marketing.

There are various types of market which are consumer market, global market, business market and non-profit market.

OTHER FACILITATIVE FUNCTIONS

Packaging and Labelling: The purpose of packaging is to avoid breakage destruction, damage etc., of the goods during storage and transit. The things may be handled, lifted, and conveyed with the help of packaging. Customers desire items in varied quantities at various times. Special packaging and materials are required, such as plastic bags, tins, wooden boxes, jute bags, and so forth.

The label is a slip that is attached to the product and contains all of the product's and manufacturer's information. This could be in the shape of a seal or a cover.

For example, the name of the drug on the bottle, along with the manufacturer's name and the formula used to prepare the medicine, as well as the expiry date, batch number, and date of manufacturing, are printed on the slip, providing

the consumer with all relevant information about the medicine. The slip contains all of the information, which is referred to as a label, and the act of creating it is referred to as labelling.

Product Designing and Development: Product designing plays a vital role in the product selling. The organisation whose product is designed attractive and sell more product in the market. It is important to develop the design continues to attract customers and compete in the market (fig.1.15)



Fig. 1.15: Product Development and Designing

Branding: Every seller who wants his or her product should have differential identity in the market. In order to realize his or her interest he or she has to give a name to his or her product. Giving name to the product is known as branding.

Customer Support Service: Customers are the main stakeholder of the distribution chain. Therefore, it is necessary to offer products and help customers. Marketers should offer after-sales-service, technical services, maintenance services and credit facilities. Assisting customers offers him or her satisfaction. This encourages a customer to the buying process.

Product Pricing: Promotion refers to the process of alerting customers about a company's products and encouraging them to buy them (fig.1.16).

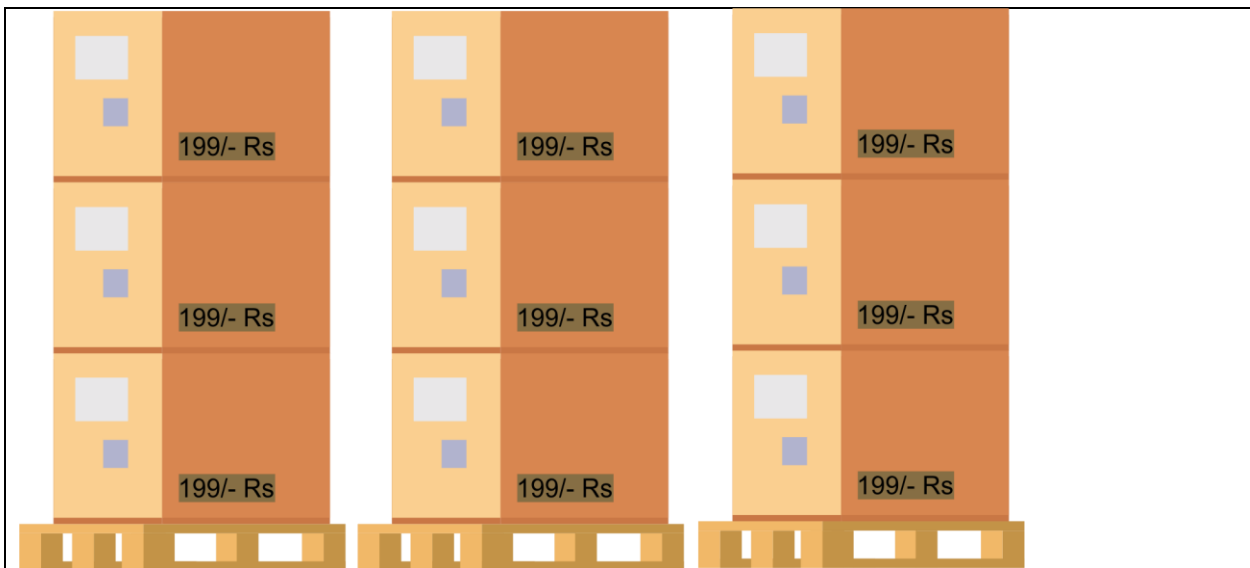


Fig. 1.16: Product Pricing

Promotion: Advertising, sales promotion, publicity, and personal selling are the four ways of promotion. The marketer's decision has an impact on sales.

Promotion is the process of informing the consumers about the products of the organisation and inspires them to purchase the product. There are four methods of the promotion which are advertising, sales promotion, publicity and personal selling. Decision taken by the marketer affects the sales.

Activities

Activity 1: Visit the business organisation and identify its facilitative functions of marketing.

Material Required: Checklist, pen, notebook, pencil

Procedure:

1. Ask the students to prepare a checklist of following facilitative marketing functions:

Checklist for Facilitative functions of marketing:

- a) Financing
- b) Risk bearing
- c) Standardization and grading
- d) Marketing information
- e) Branding
- f) Product labelling and designing

2. Ask the students to visit 2-3 retail outlet and meet with manager.

3. Ask the manager about various distributor salespersons supply goods to them.
4. Meet with distributor and retail manager and ask process of various facilitative functions of marketing.
5. Note down in the notebook.
6. Prepare a brief report and submit to the teacher.

Activity 2: Group discussion on importance of marketing information.

Material Required: Notebook, notes on marketing information, pen, pencil, paper, stopwatch.

Procedure:

1. Ask the students to prepare notes on marketing information.
2. Divide the students into groups of 4 students in each.
3. Use the stopwatch to monitor the timing.
4. Allow each student to speak on the topic for 2 minutes.
5. Group leaders should monitor the presentation.
6. Start the group discussion between the groups for 5 minutes.
7. Teacher evaluates the group discussion activity of each group.

Check Your Progress

A. Fill in the Blanks

1. _____ is a measure recognized as a model for comparison.
2. _____ is the function of marketing for carrying things from the place of production to the place of consumption
3. _____ is the process of picking, packing and delivery of packaged goods to a shipping carrier.
4. The purpose of _____ is to avoid breakage destruction, damage etc., of the goods during storage and transit.
5. _____ is the categorization procedure of products into dissimilar groups on the source of some of its important features and characteristic

B. Multiple Choice Questions

1. _____ is the categorization procedure of products into dissimilar groups on the source of some of its important features

and characteristic for example, quality, size etc.

- a) Grading
 - b) Product lines
 - c) Product portfolio
 - d) All the above
2. Gathering of the market information is called marketing research.
- a) Intelligence system
 - b) Marketing research
 - c) Marketing management system
 - d) None of the above
3. The purpose of _____ is to avoid breakage destruction, damage etc. of the goods during storage and transit
- a) Competitors' products
 - b) Pricing of competitors' products.
 - c) Packaging
 - d) Order processing
4. _____ is the process of informing the consumers about the products of the organisation and encourages them to purchase the product.
- a) Product details
 - b) Communication
 - c) Promotion
 - d) Retail business.
5. The price of a product is decided on the foundation of its _____.
- a) price of competitors
 - b) cost
 - c) rate of profit and government policy
 - d) All of the Above
6. Give identity to the product is called as _____.
- a) brand image Competitors'
 - b) company's name

- c) branding
- d) product name

C. State whether the following statements are True or False

1. Information is not the way of sending, recording, receiving and analysing messages.
2. Marketing of goods comprises innumerable risks due to accidents, deterioration, and theft etc.
3. There are various types of market which are consumer market, global market, business market and non-profit market.
4. The purpose of branding is to avoid breakage destruction, damage etc. of the goods during storage and transit.
5. Product designing plays a vital role in product selling.

D. Short Answer Questions

1. What do you mean by financing functions of marketing?
2. What is meaning of grading and standardisation?
3. Discuss marketing information.
4. Define the risk bearing function.

E. Long Answer Questions

1. Explain the other facilitative functions of marketing.
2. Elaborate product designing and development?

F. Check Your Performance

1. Demonstrate the facilitative functions of marketing.
2. Spell out the components in information system with examples.
Prepare a chart on the grading and standardization process.

Module 2**Distribution Marketing****Module Overview**

Marketing Intermediaries or distribution channels play a vital role in the marketing of products and services. The operational success of a company depends not only on production and sales but also on how well its entire channels of distribution compete with different channels of distribution. A company may produce the best products but still not to do well if its dealers perform poorly in sales and service against competitors' dealers.

The necessity of a distribution channel arises because the product has to move to the customer from the factory, at the right time, right quantity and at the right place. Very few manufacturers sell their products directly to customers. Instead, the majority uses marketing channels or intermediaries to move their products from the factory to the market.

The distribution network can be directed which includes no middlemen, whereas the indirect distribution channel comprising of wholesalers, retailers, agents, or any other intermediaries. The other distribution channels are dual distribution channels and reverse distribution channels. The various functions of distribution channels are passing of market information, Price stability and fixation of price for the products, breaking of bulk, supply in assortments, risk-taking, financing and flow of distribution.

The various types of distribution factors influencing distribution, functions and also include Intensive distribution, selective and Exclusive distribution. The various types of intermediaries include in the distribution systems are agents, dealers, wholesalers and retailers.

This unit will focus mainly on distribution channels or the marketing of intermediaries. The first session focus on types of distribution channels, the second session deals with functions of marketing channels, the third session explains with types of distribution and the last session describes with various types of intermediaries and their functions.

Learning Outcomes

After completing this module, you will be able to:

- Classify the marketing or distribution channels
- Identify the functions of marketing
- Identify the types of distribution and their functions
- Identify the types of intermediaries involved in distribution channel and their role in marketing of products and services

Module Structure

Session 1: Distribution Channels

Session 2: Functions of Marketing Channels

Session 3: Types of Distribution

Session 4: Types of Intermediaries

Session 1: Distribution Channels

Distribution Channels are mainly concerned with the distribution of goods and services. A distribution network is a network through which a manufacturer provides products to the end-user. It is the set of marketing intermediaries or institutions involved in the distribution of products from the manufacturing to point of consumption.

Distributions channels play a significant role in marketing, because of the many functions performed by them. Effective and well-managed channels provide a sound competitive advantage to organisations.

The utilization of channel intermediaries with their specialization in marketing activities streamlines activities for manufacturers and also benefits customers. Various types of channel members exist, all of them contributing in their way.

A manufacturer's decision on channels of distribution directly makes an impact on marketing decisions. Specialisation, experience, contacts and sale of operation, channel members normally offer the company more than it can attain on its own.

Marketing channels transform the bulk collections of products prepared by manufacturers into small assortments wanted by customers. Intermediaries purchase huge quantities from various producers and breakdown them into smaller lots and broader assortments, thereby matching demand and supply. During the process of the distribution, channel members add value to the

services like timely delivery, right place and reduce the gap between distributor and the customers.

DEFINITION OF DISTRIBUTION CHANNEL

Exhibit: Distribution Channel

“A set of interdependent organisation’s involved in the process of making a product or service available for use or consumption by the consumer or business user”-Philip Kotler

“A channel of distribution for a product is the route taken by the title of the goods as they move from the producer to the ultimate consumer or the industrial user.” William J. Stanton

“ The structure of intra company organisation units and extra company agents and dealers, wholesaler and retailer through which a commodity, product or service is marketed.” American Marketing Association (AMA)

TYPES OF DISTRIBUTION CHANNELS

Depending upon the type of products and services offered by the organisation’s, the distribution channels can be classified into (fig.2.1):

1. Direct Marketing Channel
2. Indirect Marketing Channels
3. Dual Marketing Channels
4. Reverse Distribution Channels

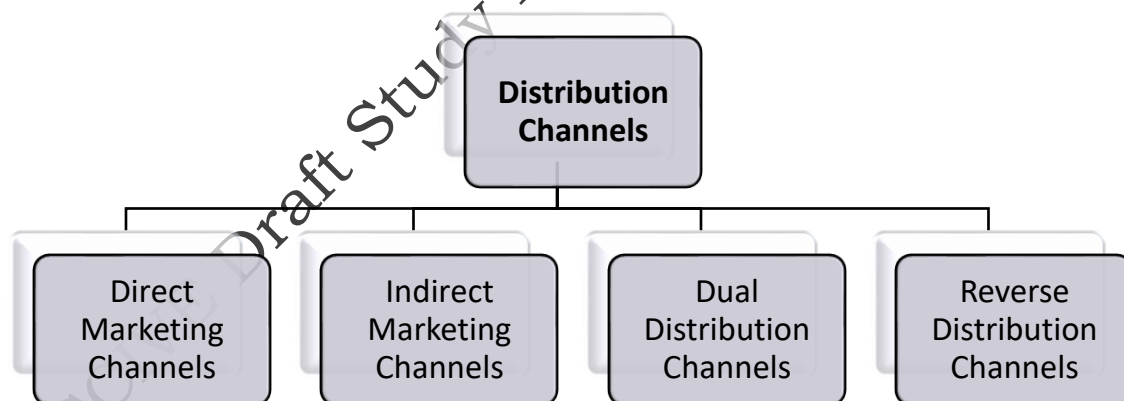


Fig. 2.1: Types of Distribution Channels

1) Direct Marketing Channel: Direct Marketing Channels (fig.2.2) allows the customers to purchase goods directly from the manufacturer. It is selling the products to the customers without the use of middlemen. It is also termed a Zero-level channel consisting of producers selling directly to the end consumer. The major examples of direct marketing channels are door-to-door sales, mail orders, telemarketing, internet selling and manufacturer-owned stores. This is the shortest channel a product can

follow to the market Certain goods like industrial machinery, computers, and luxury automobiles are sold directly to the consumers. Some of the manufacturers start their retail stores in some localities and sell directly to the customers.

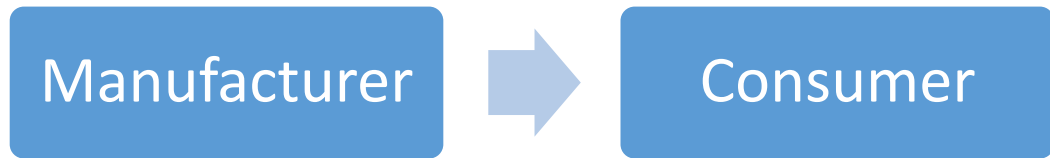


Fig. 2.2: Direct Marketing Channel

Examples of Direct Marketing Channels: Eureka Forbes, Modi Xerox, Anway etc.

2) Indirect Marketing Channels: Indirect marketing channels include the products moving the product through another distributor to reach the consumer. It moves from the producer or manufacturer to distributor, distributor to wholesaler, wholesaler to retailer, and then to consumers. Indirect marketing channels may be:

a) One level Marketing Chanel:

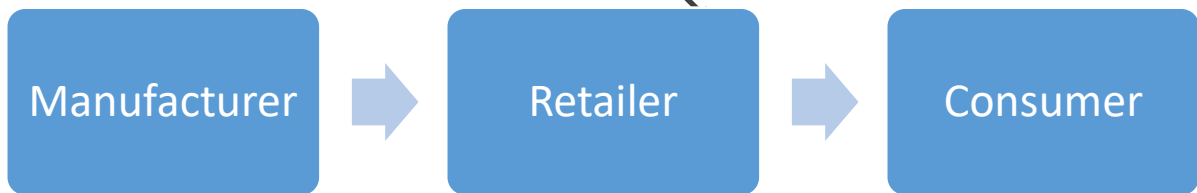


Fig. 2.3: One Level Marketing Channel

Indirect Marketing or distribution channel may be one level which is the shortest channel a product can follow to the market (fig.2.3). Business products may be sold directly to the business buyers. This channel is not popular for a broader market.

b) Two-level Marketing Channel:

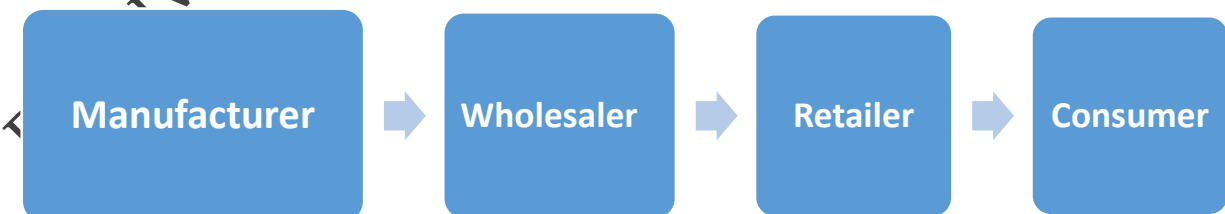


Fig. 2.4: Two-Level Marketing Channel

Two-level Channel consists of two channels i.e., wholesalers and retailers (fig.2.4). This channel is a regular, normal, and popular channel network used for selling groceries, drugs, goods etc. This channel is appropriate when the

product line is narrow, has limited finance when wholesalers are focussed and deliver strong promotional support and also when the products are durable.

c) Three Level Marketing Channel:



Fig. 2.5: Three-Level Marketing Channel

Consumers Three-level channels consist of three intermediaries i.e., wholesalers, retailers and jobbers (fig.2.5). In the three-level of the marketing channel, the producer or manufacturer uses the services of the middleman such as the sole selling agent, for the initial dispersion of goods. The agent may allocate to wholesalers which in turn sell to the retailers. Generally, agent middlemen function at the wholesale level. Commonly they are in agricultural marketing. During manufactured goods, agent middlemen are used by producers to prepare themselves free from the marketing tasks. An agent sells on the foundation of commission directly to wholesalers or retailers.

3) Dual Distribution Channel: When a producer practice more than one marketing channel simultaneously to reach the end customer is called a dual distribution channel. In this producer may start their show rooms to sell the products directly while at a similar time practices internet market places and other retailers to attract more customers. An example of a Dual distribution channel is the selling of mobile phones.

4) Reverse Distribution Channel: Sometimes Channels generally explained a frontward movement of products from source to user, but there are also reverse flow channels. The reverse distribution can be understood with the following cases:

1. Reprocess of products or containers (refillable chemical drums)
2. Renovate products (for example circuit boards or computers) for resale.
3. Recycle products (papers).
4. Dispose of products and packaging (waste products).

Activities

Activity 1: Visit the two different FMCG stores and identify the different distribution channels for the two stores.

Material required: Notebook, Paper, Pen, Pencil, and rubber.

Procedure:

1. Make a group of 4 students of two teams.
2. Two teams select two different stores
3. Take permission from the store manager for the survey.
4. Meet with individual sales professionals and ask the following questions regarding:
 - a) What are the different types of products in the store?
 - b) What are the different distribution channels?
 - c) Which type of channel is mostly used for the selling of FMCG products?
5. Note down the answers to the above questions.
6. Say thanks to the retailer for his/her co-operation.
7. Prepare a short report and discuss it with the students in the class.

Activity 2: Chart Preparation on different types of distribution channels.

Materials Required: Sketch Pens, Drawing sheet and Papers.

Procedure:

1. Take some chart paper and pen
2. Write the examples of direct distribution channels and indirect distribution channels.
3. Prepare a chart on the following:
 - a. Model of Direct Distribution channel
 - b. Model of Indirect distribution channel
 - c. Reverse distribution channel.
4. Prepare a chart based on the above list and paste it into the classroom.

Activity 3: Group discussion on different types of distribution channels.

Material Required: Notebook, paper, pencil

Procedure:

1. Identify 8 – 10 students in the classroom and arrange to sit them in a circular form.
2. The students are asked to write down the types of different distribution channels in marketing.
3. Then students are asked to present their views on different types of distribution channels.
4. All the students in the group should actively participate in the discussion.

5. Group leaders should present the group work done and monitor the work.
6. After the discussion end, the teacher gives a remark to the discussion.

Check Your Progress

A. Fill in the Blanks

1. _____ can be defined as a set of interdependent organisations involved in the process of making a product or service available for use or consumption by the consumer or business user.
2. Direct marketing is also called as _____ level channel.
3. Indirect marketing channel includes _____, _____.
4. Examples of reverse marketing channel _____.

B. Multiple Choice Questions

1. A set of interdependent organisations involved in the process of making a product or service available for use or consumption by the consumer or business user is called as
 - a) channelization
 - b) promotion
 - c) distribution channel
 - d) selling of goods
2. _____ allows the customers to purchase goods directly from the manufacturer.
 - a) Distribution network
 - b) Indirect marketing channels
 - c) Direct marketing channels
 - d) Value
3. _____ include the products moving the product through another distributor to reach the consumer.
 - a) One-level
 - b) Indirect marketing channels
 - c) Two level
 - d) Customer collection
4. Two-level Channel consists of _____.
 - a) manufacturer-wholesaler-retailer-consumer
 - b) retailer-consumer
 - c) manufacturer retailer-consumer

- d) None of the above
5. Three level marketing channel includes _____.
- wholesaler-retailer
 - manufacturer-wholesaler-jobbers-retailers-consumers
 - retailer-customer
 - None of the above

C. State whether the following statements are True or False

- Distribution channels make the customer easily know about the product.
- Direct marketing channels sell directly to the customer.
- Indirect channel of distribution decreases the price of the product.
- A reverse distribution channel can be used for reusable products.
- Promotion is the key function of any of the distribution channels.

D. Short Answer Questions

- What do you mean by Distribution channel?
- What do you mean by reverse marketing Channel?
- Define the direct marketing channel.
- What do you understand by the dual marketing channel?

E. Long Answer Questions

- What are the different kinds of distribution channels Explain?
- What are the various levels of marketing channels?

F. Check Your Performance

- Demonstrate what are the various types of distribution channels?
- Group discussion on various distribution channels.
- Prepare a chart on the several types of distribution channels for Fast-moving Consumer goods (FMCG)?

Session 2: Functions of Marketing Channels

The distribution of goods and services is the main focus of the marketing channel. It is a group of marketing middlemen who help with the distribution of goods and services. The paths through which products and services are transferred from producers to consumers are defined as channels of distribution. A distribution channel is a path that directs the flow of goods and services from a producer to a customer via various intermediaries.

It is a well-organized distribution system that carries out all of the operations required to connect manufacturers and users to complete the marketing assignment. The purpose of marketing channels serves a variety of purposes in the process of getting a product from the manufacturer to the consumer.

Functions of Marketing Channels

Marketing channels perform several functions in the procedure of reaching the product from producer to consumer. Some of the important functions are:

Functions of Marketing Channels

Sl.No	Functions of Marketing Channels
1	Passing Market information
2	Price stability and Fixation depends on the marketing or distribution channel
3	Financial Support to producers and other Intermediaries
4	Selling responsibility
5	Assembling of Goods
6	Provide Promotional aspects
7	Supply in Assortments
8	Physical Distribution
9	Risk taking
10	Flow of Distribution

Table 2.1: Functions of Marketing Channels

- 1. Passing Market Information:** The most important function of the marketing intermediary is to pass the information regarding the product to the customers, competitors and other parties in the procedure of marketing the goods and services. They collect and disseminate market information, which is of great importance. Since the middle men are in constant touch with the customers, market and provide accurate information about the market condition, trends, consumer preferences, changing tastes, competitor activities, etc which helps in planning marketing strategies (fig.2.6).

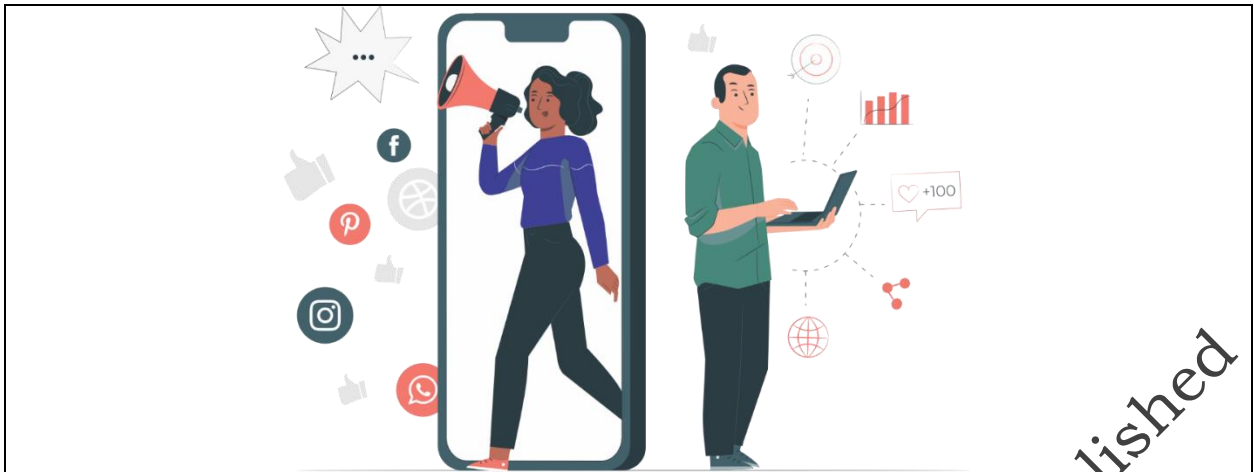


Fig. 2.6: Market Information

2. Price Stability and Fixation depends on Marketing or Distribution Channel:

The institutions functioning as distribution channels assist the manufacturer and buyers in the determination of price as they can estimate paying capacity of consumers for a product. Distribution channels can also provide time to time information related to markets, competition, etc., to the manufacturers. For Example, manufacturers would have indicated a discount rate of 10-20% on the maximum retail price of a product, the dealer negotiates with the consumer and fixes the discount within that price range.

3. Financial Support to Manufacturers and other Intermediaries:

The company that manufactures the products many times may have limited financial resources, so the middlemen help the manufacturers in making sufficient financial resources available. There are two ways of distribution channels

- (a) Transfer of advance amount to the producers at the time of providing orders,
- (b) Providing credit services to the consumers.

For example: In cement, paint, and fertilizers dealers often buy in cash and extend credit facilities to customers. They also buy in bulk and store the products in their godowns.

4. Selling Responsibility:

Marketing channel members promote products to prospective customers. The channel members try to assist them introduce new goods into the market. Many buyers depend on the recommendations of the dealers. Other than persuasive selling, the channel also helps by providing pre-sale and post-sale service to customers. Dealers also assist through, merchandising especially Point-of-purchase (POP) displays.

5. Assembling of Goods:

Manufacturers produce and supply many products in 'bulk', but customers need them in small sizes. Channels

break the bulk and meet the small size to meet the needs of individual consumers. They also carry out grading and packaging in small lots according to the customer requirements. For example, provisions like rice, dal, sugar, atta, etc., are purchased by supermarkets in bulk (tons) and packaged in small sizes of 1kg, 2kg, 3kg, 5kg and sold (fig.2.7).



Fig. 2.7: Assembling of Goods

- 6. Provide Promotional Aspects:** Channels of distribution help the manufacturer by taking on the job of promotion. They develop and spread persuasive communications and make a good impact on the products to customers. Many retailers arrange window displays, send direct mail to prospects, depute salesperson to demonstrate products at residences, and distribute products leaflets (fig.2.8).

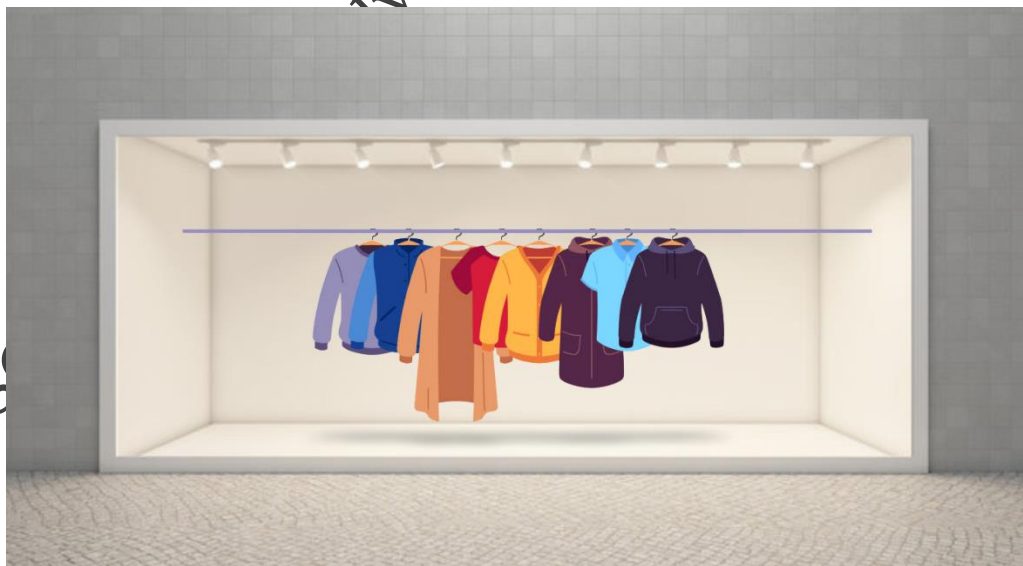


Fig. 2.8: Window Display

- 7. Supply in Assortments:** Consumers need an assortment of various products from various companies. Channels do the job of combining

products manufactured by various manufacturers and offer them in assortments that are convenient to customers. This function involves matching segments of demand and supply. For example, a consumer may want lux soap, Tide detergent, Colgate toothpaste, Bru coffee, and Horlicks. The dealer procures all this from different manufacturers and builds up an assortment.

8. Physical Distribution: Physical distribution includes functions like transportation (shipping), handling, warehousing, sub-distribution, inventory management, order processing and are also carried out by marketing channels. They took delivery of products ex-factory in bulk and redistribute to sub-dealers in small lots as per requirement.

9. Risk-taking: Channels take up the majority of the business or industry risk, particularly the risk of failure to sell the products, product obsolescence, or changes in the price of the merchandise. The goods or products can be damaged in transit, or storage or depreciate in quality before the sale. This threat is born by the middlemen.

10. Flows of Distribution: Marketing channels knob and take care of all the flows concerned with the distribution – the physical flow of products, the title or ownership flow, the risk flow, negotiation flow, the payment flow, the financing flow, or, promotion flow, the information flow. Some of the flows are forward, some backward and others are both ways process.

For example, products flow forward from manufacturers to customers through distribution channels; the title and ownership flow forward; credit of financing flow forward, while payments flow backward to manufacturers; market information and product information flow in both ways, and promotion flows forward.

Activities

Activity 1: Visit a retail shop or departmental store to identify the functions of channels of distribution.

Material required: Notebook, Paper, Pen, Pencil, and rubber, and questionnaire.

Procedure:

1. Make a group of 5 students in each group.
2. Visit 2-3 retail shops to identify the functions of distribution channels.
3. Take permission of the retailer for the survey.

4. Meet with distributive salesperson and discuss the functions of distribution channels.
5. After observation and findings prepare a report on it.
6. Discuss in the classroom the observations and findings of the report.

Activity 2: List out the functions of channels of distribution.

Materials Required: Pen, Pencil, Rubber, Notebook, Checklist

Procedure:

1. Take some chart paper and pen
2. Search about functions of various channels of distribution and other information's on the internet and various books.
3. The students are asked to prepare and write about the various channels of distribution from the various sources.
4. Prepare a report based on the collection of various channels of distribution.
5. Present the various functions of distribution channels in the classroom.
6. Prepare a chart based on a list.
7. Submit the chart to the teacher.

Activity 3: Assemble items from many producers in such a way that a buyer may easily make purchases.

Material Required: Some goods, distribution materials

Procedure:

3. Ask 2-3 students to take some goods as producers are working and pass the goods to the distributor.
4. Ask other 2-3 students to assemble the goods.
5. Give them the instruction of assembling and packaging.
6. Keep in mind all the activities should make the purchase easy.
7. Teacher help all the students and evaluate it.

Check Your Progress

A. Fill in the Blanks

1. One of the most important functions of the marketing channel is to pass the _____ regarding the product to the customers, competitors and other parties in the marketing situation.
2. _____ indicate the routes through which goods/services move from manufacturers to consumers.

3. Middlemen help _____ in making sufficient financial resources available.
4. _____ includes functions like transportation (shipping), handling, warehousing, sub-distribution, inventory management, order processing and are also carried out by marketing channels.
5. An _____ is a path that directs the flow of goods and services from a producer to a customer via various intermediaries.

B. Multiple Choice Questions

1. Which one of the following is a function of the channel of distribution?
 - a) Profitability
 - b) Customer Satisfaction
 - c) Passing market Information
 - d) None of the above
2. The following is the not function of Channels of distribution
 - a) Risk-taking
 - b) Physical Distribution
 - c) Promotion
 - d) Flow of distribution

C. State whether the following statements are True or False

1. Channels provide market intelligence and other information from the market.
2. Manufacturers produce and supply many products in small quantities.
3. Channels member help to provide credit facilities to middlemen.
4. Marketing channels knob and take care of all the flows involved in distribution.

D. Short Answer Questions

1. What do you mean by Channel of distribution?
2. List out any two functions of Marketing Intermediaries?
3. What is the meaning of price stability?
4. What are the financial support ways in distribution?
5. What kind of selling of responsibility are they are of intermediaries?
6. What process adopted to assemble the goods under distribution?
7. Define the promotional aspects.
8. What kinds of flows are there in distribution?

E. Long Answer Questions

1. Explain the functions of Channels of distribution?
2. Differentiate various functions in channel of distribution.

F. Check Your Performance

1. Demonstrate the various functions of Marketing Intermediaries?
2. Group discussion on functions of Channels of distribution?
3. Prepare a chart on various channels of distribution from newspapers and magazines.

Session 3: Types of Distribution

A distribution channel is a route decided by the business to carry its products or services to the customers. The path can be direct communication and interaction between the organization and the customers or can comprise several interrelated intermediaries like distributors, wholesalers, retailers, etc. Thus, a distribution channel is also denoted as a set of interconnected intermediaries that assist to make a product available to the end-user (fig.2.9).

Exhibit: Distribution Channel

“The set of interdependent marketing institutions contributing in the marketing actions existed in the movement or flow of goods or services from the key producers to consumers is called as distribution channel”.

FUNCTIONS OF DISTRIBUTION

A Company should evaluate the various kinds of distribution or Intermediaries accessible to carry out its channel work and decide on the best. The company can expand its direct sales force, or found industrial distributors.

Companies can select a large range of intermediaries for reaching customers from sales forces to dealers, agents, distributors, telemarketing direct mail, and the Internet. Every marketing intermediary channel has distinct strengths and weaknesses. The salesforce can handle complex and typical goods and transactions, but they are costly.

The Internet is much less costly, but it may not be as effective with complex goods. Distributors can create a sale, but the organisation loses straight contact with customers.

Manufacturer’s representatives can contact customers at a low cost per customer because several clients share the cost, but the sales effort per customer is less intensive than if company sales representatives do the selling.

In evaluating the major channel alternatives most of the organisations use a combination of various intermediaries. The idea is that each marketing intermediary reaches a different section of buyers and distributes the right goods at a low cost.

The primary difficulty of the channel plan is whether to sell the product to consumers through direct sales or sales through middlemen. The first step in choosing a marketing intermediary is to become informed of ultimate clients' needs and wishes for distribution services. Customers' conveniences and exclusive channel economies will determine which middlemen are used. A channel design decision is based on three important elements;

- kinds of required business intermediaries,
- Number of intermediaries required,
- Terms and responsibilities of each channel member.



Fig. 2.9: Functions of Distribution Channel

FACTORS INFLUENCING DISTRIBUTION

The selection of an appropriate marketing intermediary for an organisation is a difficult task. The most important fundamental feature for channel choice is economic criteria, viz., cost-profit, and turnover criteria. Profit organisations are primarily concerned with cost minimization in distribution and assurance of reasonable profit margin. However, intermediary choices and decisions are not made totally on rational monetary analysis but the basis of other factors such as market trends, nature of the product, company, middlemen, marketing environment, and competitors.

A) Product: If the product is fragile or perishable, the producer prefers few or shorter channels of distribution. If the goods are durable, it requires diversified channels, and if the products are technical, it requires specialised selling and it requires shortest channels.

B) Market Trends: For purchaser or customer market, retailer (dealer) is essential, whereas for business markets one can eliminate retailer, and if the market scope is huge, it requires many channels, and for small

markets, shorter channels are used. The range and standard occurrence of customers' orders will also make an impact on the channel decision. For the sale of food products, it requires both wholesalers and retailers.

- C) Middlemen:** The middlemen who can provide goods and services will be given the first preference. The preferred middlemen must offer maximum co-operation, mostly promotional services. The channel that high sales volume at less component cost will be given the most concern.
- D) Company:** An organisation or company with considerable monetary funds need not rely too much on the middlemen and can afford to lessen the levels of distribution. An organisation with weak financial resources mostly depends on the middlemen to secure monetary and warehousing reliefs. The new companies mostly on middlemen due to their inexperience of the management. The quality and quantity of services provided by the organisations also influence the selection of the channel directly.
- E) Marketing Environment:** The marketing environment influence the business and channel decision. At the time of depression or recession, a cheaper or shorter channel is advisable. During a time of prosperity, wider choices of channel alternatives are preferable.
- F) Competitors:** Marketers very much follow the various intermediaries used by competitors for moving the product from the manufacturer to the consumer. Sometimes the same type of channels may be used by which the competitor prefers. On the other side, sometimes, marketers intentionally leave away from, routine channels (dominated by rivals) and take on different channels) strategies (Fig.2.10).



Fig. 2.10: Competitors

TYPES OF DISTRIBUTION

The company may want to decide to attempt either extensive, selective, or exclusive distribution or a combination of all three types. The selection of distribution depends on the thorough study of merchandise, consumers, dealers, company objectives and policy, and the disagreement within the channel members and any other factors play an important role. The organisation needs to decide which channels carry the product profitably to the market. Once the company has determined its essential channel plan and levels of distribution, select the middlemen, appoint, motivate and evaluate them from time to time, and, if required, rearrange the channels in the light of experience.

There are three methods of distribution that summarise how manufacturers select how they wish their products are to be spread in the market.

Once, the organisation decides the general channels to be used, it has to be decided on the foundation of several intermediaries in each channel, i.e., intensity (concentration) of distribution. There are three alternatives –

1. **Intensive Distribution:** Manufacturers use intensive distribution to place their products/services in as many venues as feasible. When the price is cheap, buying is frequent, and brand switching is prevalent, intensive distribution is required. Intensive distribution is essential when the price is low, buying is frequent and brand switching is a common phenomenon. Intensive distribution secures increasing sales volume, wide customer acknowledgment, and considerable impulse purchasing. But it creates difficulty in manage unsuccessful sales due to increased marketing costs.

Products like chocolates, biscuits, detergents, soaps and shaving blades are distributed in this manner, so they are easily accessible to the customers at the nearest location.

Advantages of Intensive distribution:

- Increased sales.
- Wider customer recognition.
- Impulse buying

Disadvantages of Intensive distribution:

- Characteristically less cost and fewer margin products that require fast turnover.
- The problem of controlling large number of retailers.

2. **Selective or Limited Distribution:** It is appointing more than one, but less than all the dealers eager to carry a product. Consumer durables like television, fridge, grinders and washing machine are distributed. The company need not worry about so many outlets. It can gain sufficient

market coverage with additional control and a lesser amount of cost than intensive distribution.

Advantages:

- Improved market coverage than limited distribution.
- More control and a lesser amount of cost than Intensive distribution.
- Concentrate efforts on few productive outlets.

Disadvantages:

- May not cover the market adequately
- Problematic to select dealers that can match necessities and goals.
- Not adequately covering the market.

3. **Exclusive distribution:** When final buyers do not need any product or service, mass or extensive distribution is adopted. Exclusive distribution is limiting the number of intermediaries. It is appropriate when the producer wants to maintain control over the service level and outputs offered by the resellers, and it often includes exclusive dealing arrangements. In exclusive distribution, the manufacturer hopes to get additional and is used in the dedicated and informed selling. It involves a close partnership between seller and reseller which is used in the distribution of some major appliances, new automobiles, and some women's apparel brands.

Advantages:

- It has full control over service level/output level
- Enhance products image and allow higher markups.
- Promotes dealer's loyalty, good forecasting, inventory and merchandise control.
- Restrict resellers from competing brands.

Disadvantages:

- Only suitable for more price, margin, and low-volume products.

Activity

Activity 1: Select some of the students in the class and ask them to visit a store and identify the products which require intensive distribution, selective distribution, and exclusive distribution.

Material required: Notebook, Paper, and Pen.

Procedure:

- i. The students are vital to take prior permission from the store to visit.
- ii. The students are asked to identify Intensive distribution channels, Selective distribution channels and Exclusive distribution channels.
- iii. List out the products and prepare the list.
- iv. Discuss in the classroom about the reasons why some of the products are Intensive, Selective and Exclusive.
- v. Handle queries asked by other classmates.
- vi. Prepare and Paste the chart in the classroom.

Activity 2: Prepare a chart for various types of Distribution.

Materials Required: Pen, Pencil, Rubber and drawing sheet.

Procedure:

1. Take a chart, Pencil and pen
2. Search on the Internet about the various examples of products with Intensive, Selective and Exclusive distribution.
3. Prepare a list of the following:
 - a. Name of the Wholesale shop and place
 - b. Functions of the Wholesaler
 - c. Qualities of the Wholesaler
4. Prepare a chart based on functions performed by the wholesaler.
5. Prepare and paste the chart in the classroom.
6. Handle the queries by fellow classmates.

Activity 3: Preparation of chart with the various functions of Wholesaler, Retailer, Distributor and Agent.

Materials Required: Pen, Pencil, Rubber, Sketch pen Chart and Notebook.

Procedure:

1. Assign the task of identifying the various functions of Wholesaler, retailer, Distributor and Agent to the students from various sources.
2. The students are asked to identify the various functions of Wholesaler, Retailer, distributor and Agent.
3. The students are informed to prepare the functions of Wholesaler, Retailer, Distributor and Agent.
4. After identifying the functions prepare a chart and display it in the classroom.

Activity 4: Preparation of a chart about the various factors that make an influence the distribution channel.

Materials required: Pen, Pencil, Rubber, Sketch pen Chart and Notebook.

Procedure:

1. Select some of the students in the class and ask them to visit an FMCG store, Industrial store and Cloth store.
2. The students are informed to take the permission to visit the store.
3. The students are informed to observe and discuss with the manager the different factors considered for the selection of middlemen.
4. Note the points about the discussion with the manager.
5. Also search on the Internet about the factors that make an influence on the factors to be considered in the choice of channels of distribution of an FMCG store, Industrial store and Cloth store.
6. Prepare a chart separately for FMCG store, Industrial store and Cloth store.
7. Discuss with the classmates and display in the classroom.

Check Your Progress**A. Fill in the Blanks**

1. A _____ is a route decided by the business to carry its products or services to the customers.
2. The _____ is much less costly, but it may not be as effective with complex goods.
3. The _____ influence the channel decision.
4. Manufacturers use _____ distribution to place their products/services in as many venues as feasible.
5. When final buyers do not need any product or service, mass or _____ distribution is adopted.

B. Multiple Choice Questions

1. What are the advantages of intensive distribution?
 - a) Increased sales
 - b) Impulse buying
 - c) Wider customer recognition
 - d) All of the Above
2. Which of the following disadvantages of intensive distribution?
 - a) Characteristically less cost and fewer margin products that require fast turnover
 - b) Controlling of large number of retailers.
 - c) a and b
 - d) Impulse buying

3. Which of the following is not the advantage of exclusive distribution?
 - a) It has full control over service level/output level
 - b) Enhance products image and allow higher markups.
 - c) Promotes dealer's loyalty, good forecasting, inventory and merchandise control.
 - d) None of the Above

C. State whether the following statements are True or False

1. In exclusive distribution, the manufacturer hopes to get additional and is used in the dedicated and informed selling.
2. Products like chocolates, biscuits, detergents, soaps and shaving blades are distributed in this manner, so they are easily accessible to the customers at the nearest location.
3. The company may want to decide to attempt either extensive, selective, or exclusive distribution or a combination of all three types.
4. An organisation or company with considerable monetary funds need to rely too much on the middlemen and can afford to lessen the levels of distribution.
5. The marketing environment does not influence the business and channel decision.

D. Short Answer Questions

1. What are the functions of Wholesaler?
2. What are the functions of a retailer?
3. What do you mean by Agent?

E. Long Answer Questions

1. What are the various Marketing Intermediaries in Channels of Distribution?
2. Explain factors influencing the distribution.

F. Check Your Performance

1. Demonstrate the activities of the Distributor.
2. Spell out the types of distribution.

Session 4: Types of Intermediaries

Marketing Intermediaries are also known as distribution Intermediaries are the firms hired by the product manufacturer to promote, sale and distribute the products to the final consumer (fig.2.11). The basic types of Intermediaries include agents, marketing agencies, wholesalers, retailers, and distribution

companies. Marketing Intermediaries generate value by adding productivity and efficiency to marketplaces for goods and services.



Fig. 2.11: Marketing Intermediaries

Marketing Intermediaries make it easier for buyers to find what they need, they help set standards, and they enable comparison shopping-efficiency improvements that keep markets working smoothly.

Marketing Intermediaries or middlemen in the distribution association are crucial as they carry out perform specialised marketing or promoting functions like buying, selling, sorting, transporting, risk-taking, warehousing, financing, and spreading of marketing aptitudes. Marketing middlemen carry on and survive and flourish as long as they perform one or more of the essential functions.

Intermediaries serve as expert purchasing agents for their customers, and expert sales specialists for their manufacturers.

They frequently provide financial assistance to their suppliers and customers. They also serve as risk bearers and are in charge of storage and transportation. They are the information clearing house. As a result, they're crucial in the dissemination process.

ROLE OF INTERMEDIARIES

A company should evaluate the various kinds of intermediaries offered to bring out its intermediary work, and decide on the best. The company can expand its direct sales force, or find industrial distributors.

Marketing intermediaries play an important task to create product awareness and make the product available to a larger audience, which in turn increases sales and revenue. In addition to that, selecting market middlemen for distribution activities is often less expensive than if the companies are to perform those activities on their own, which results in generating high profits and less on advertising or promotion.

Marketing middlemen normally show enthusiasm regarding the consumer or customer market and show insights in establishing positive customer relationships. Marketing channels assist the company in providing support, developing customer relationships, selling the product, and eventually increasing brand loyalty and exposure.

Marketing intermediaries help companies promote, sell, and distribute their products to end-users. Resellers, financial intermediaries, physical distribution companies, and marketing services organisations are among them.

Intermediaries in marketing work to promote a product through marketing channels, resulting in stronger customer relationships and increased brand loyalty and exposure. The success or failure of a product can be influenced by the right formulation of a marketing plan, advertising, and wrapping to secure repeat buyers.

Marketing intermediaries collect different goods or services from diverse producers and provide them to the consumers. Marketing Intermediaries purchase a huge number of products at a time and provide them to diverse customers or consumers. This minimizes the distribution cost.

Intermediaries act as middlemen among different diverse members of the distribution chain, buying from one party and selling to another. They may also hold stock for producers and perform logistical and marketing activities on their behalf.

FUNCTIONS OF MARKETING INTERMEDIARIES

The following are the functions performed by the Marketing Intermediaries –

- Marketing Intermediaries provide logistic support to make sure of soft and efficient movement of distribution of goods and services
- Provide Transactional Functions.
- Burden Sharing, Cost and Time-Saving.
- Adversely influence income levels

The intermediary adds value to the marketing of the goods by bringing in specialisation, marketing knowledge, capacity to segment the market, and selling skills that allow the marketer or vendor to implement marketing strategies effectively.

TYPES OF INTERMEDIARIES

The company should evaluate the various kinds of intermediaries offered to carry its channel work and decide on the best. The company can expand its direct sales force, or find industrial distributors (fig.2.12).

The various types of Intermediaries comprised in the marketing Intermediary are:

1. Agents
2. Dealers or Distributors
3. Wholesalers and
4. Retailers



Fig. 2.12: Distributor

Role of Agents: The distribution channel involves more than one intermediary before the product gets into the hands of the consumer. The intermediary, known as the agent, assists with the cooperation between the manufacturer and the seller.

Agents are middlemen who represent the products to the customer. They are just an expansion of the organisation, but the organisation is usually bound by the procedures of its agents. Agents do not possess the ownership of the goods they work only on the fees and commissions.

Role of Dealers or Distributors: The dealer/distributor buys goods from the manufacturers and distributes them to other businesses. The dealer plays an important role in identifying the pricing policy of the product, at which price the middlemen should sell the product, identifies the return policy, identifies the territorial rights of the other middlemen, and identifies the roles and responsibilities of the other middlemen.

Role of Wholesalers: The wholesaling comprises of all actions concerned in the goods moving of goods to those who buy for resale or business use. Wholesalers are the firms that are involved mainly in wholesaling activities. Wholesalers

purchase products from manufacturers and sell products to retailers, industrial consumers and other wholesalers.

Wholesalers perform the functions of selling and promoting, warehousing, bulk breaking, purchasing and assortment building, financing, transportation, risk-bearing, market information and management services and advice.

Role of Retailers: Retailing comprises all the actions which are involved in moving goods or services directly to the end consumers for their personal non – business use. A retailer is any business organisation whose sales volume mainly comes from retail. Retailer performs the role of establishing the shop, stocking of goods, and the value is based on competition.

Activity

Activity 1: Visit a distributor shop that supplies Shampoo, Hair Oil, Soap and Detergent Powder.

Material required: Notebook, Paper, Pen, Pencil, and rubber.

Procedure:

1. Make a group of 4 students of four groups.
2. One group of students take Shampoo, One group Hair Oil, One combo Soap and another group take detergent.
3. Understand the role of the distributor in the selling of all the above FMCG products.
4. Meet with an individual sales professional and understand how the distributor sells the product.
5. Understand and write on the paper about the functions of distributors in selling the above products.
6. Say Thanks to the distributor for their co-operation.
7. Prepare a report and submit it to your teacher.

Activity 2: List out the various functions of the wholesaler.

Materials Required: Pen, Pencil, Rubber, Notebook, Checklist

Procedure:

1. Take some chart paper and pen
2. Search about functions of wholesalers and other information's on the internet.
3. Prepare a list of the following:
 - a. Name of the Wholesale shop and place

- b. Functions of the Wholesaler
 - c. Qualities of the Wholesaler
 - d. Prepare a chart based on functions performed by the wholesaler.
 - e. Paste the chart in the classroom.
4. Teacher evaluates the charts prepared by the students.

Activity 3: Preparation of chart with comparison of the various functions of Wholesaler, Retailer, Distributor and Agent.

Materials Required: Pen, Pencil, Rubber, and Notebook.

Procedure:

1. Assign the task of identifying the various functions of Wholesaler, retailer, Distributor and Agent to the students from various sources.
2. The students are identified the various functions of Wholesaler, Retailer, distributor and Agent.
3. The students prepare the chart with the comparison of the functions of Wholesaler, Retailer, Distributor and Agent.
4. The prepared a chart and display it in the classroom.

Teacher evaluates the design of charts prepared by the students.

Check Your Progress

A. Fill in the Blanks

1. _____ make it easier for buyers to find what they need, they help set standards, and they enable comparison shopping-efficiency improvements that keep markets working smoothly.
2. The _____, known as the agent, assists with the cooperation between the manufacturer and the seller.
3. The _____ comprises of all actions concerned in goods moving of goods to those who buy for resale or business use.
4. Intermediaries act as _____ among different diverse members of the distribution chain, buying from one party and selling to another.

B. Multiple Choice Questions

1. Various types of Intermediaries comprised in the marketing Intermediary are:
 - a) Agents
 - b) Dealers or Distributors
 - c) Wholesalers and Retailers
 - d) All of the Above

2. A _____ is any business organisation whose sales volume mainly comes from retail.
 - a) Retailer
 - b) Distributor
 - c) Wholesaler
 - d) None of the Above
3. The _____ involves more than one intermediary before the product gets into the hands of the consumer.
 - a) Distributor channel
 - b) Retailer channel
 - c) network
 - d) None of the Above

C. State whether the following statements are True or False

1. Marketing Intermediaries are also known as distribution Intermediaries are the firms hired by the product manufacturer to promote, sale and distribute the products to the final consumer.
2. The distribution channel involves more than one intermediary before the product gets into the hands of the consumer.
3. Retailing do not comprises all the actions which are involved in moving goods or services directly to the end consumers for their personal non – business use.
4. Intermediaries does not serve as expert purchasing agents for their customers, and expert sales specialists for their manufacturers.
5. Marketing Intermediaries does not provide logistic support to make sure of soft and efficient movement of distribution of goods and services.

D. Short Answer Questions

1. What are the functions of the retailer?
2. What do you mean by Agent?

E. Long Answer Questions

1. Explain various marketing intermediaries in channels of distribution?
2. What are the functions of Wholesaler Explain in detail.

F. Check your Performance

1. Demonstrate the activities of the Distributor and intermediaries.
2. List out the different functions of intermediaries in channel.
3. Prepare a chart on the individual sales professional by collecting various pictures of wholesalers and retailers from various newspapers and magazines.

Module 3**Product Knowledge and Retail Merchandising****Module Overview**

In marketing product knowledge plays a significant role in improving the sales of the company. Hence, product knowledge is the important need of the salesforce. In this digital and internet era people finding everything at their fingertips therefore it is necessary to provide all the information.

Retail Merchandising is organising the products in the retail store which influences the customers to go for it. It includes the activities like store design, store layout, store display, etc.

Retail merchandising is all about making the store more attractive. Display and creative ideas make the store attractive and increases the visit time of the customers. It not only promotes sells but also create a good environment for visitors.

Arrangement shelves, racks and window displays, table displays, etc. in a creative manner which guides the customer's path in the store towards the most profitable products first and then other products. Retail merchandising also concentrates on making the customer spend as much time possible in the store so they can visit the entire products of the store.

Retail merchandising helps distributors to sell the products. It attracts the customer and sell the products. Retail store helps to promote the products sell by the distributors. Retailers helps to increase the sales of the distributor. Thus, distributors need to maintain relation with the retailer. Retailers need to collect information and feedback of the customers so that distributor works accordingly.

In this unit students learn about retail merchandising. This unit will focus on various aspects of product knowledge and retail merchandising. The first session deals with product details and schemes, the second session covers retail merchandising, the third session explains benchmarking and the fourth session discusses the benefits of SKUs and effective sales calls.

Learning Outcomes

After completing this module, you will be able to:

- List out the product details and understand scheme information
- Identify the retail merchandising with Point of purchase material and Product samples
- Find out brand availability norms and competition benchmarking
- Describes the features and benefits of new/focus SKU products

Module Structure

Session 1: Product Details

Session 2: Retail Merchandising

Session 3: Benchmarking and Brand Availability

Session 4: Benefits of SKU Product

Session 1: Product Details

Generally, product details are the information regarding ingredients, weight, models, colour patterns, features, usage, etc. It also denotes the product portfolio of the company with whom the distributor salesman is dealing. It contains various product channels and products under each channel.

PRODUCT PORTFOLIO

The collection of all the products offered by a company is called a product portfolio. A product portfolio comprises all the products that a company produces for a particular market. A product portfolio is a blend of different product categories, product lines, and products. A company may have more than one product line in its business.

Product Line

Exhibit: Meaning of Product Line

A product line is a set of products that a company provides to a particular target market.

In a product line, a company can offer a set of related products. For example, a dairy company may offer milk, flavored milk, ghee, curd, ice creams, etc, as a product line.

A new product can be added to an existing product line or a new product line can add. Adding milkshake to the above existing product line of the above dairy company is an example of adding a new product to the existing product line.

A new product line is added to offer a variety of products to its existing customers. Suppose for example if a company is doing business with a product

line of cosmetic products for women may add a new product line of fabrics to the same customers who are using and satisfied with cosmetic products

In some cases, a product line may be introduced for the same purpose but attract new customers by varying its price, quality, etc.

For example, a company familiarised with cosmetic products may introduce a product line under the same brand but at a lower price to attract another target group of customers by using the brand fame. Here the quality, features and package may be different.

Product Details

When a distributor salesman approaches a retailer to sell the products, the distributor salesman has to provide information about the benefits (margins, offers, schemes, etc) they are going to receive with the deal, with whom (the brand image of the company) they are entering into business and also the product (quality, quantity, features, etc) that the retailer is going to purchase. All the above details come under product details.

Here communicating the details like pricing, quality, after-sales services, payment methods, delivery conditions, schemes available, package lots, etc. is very important. The distributor salesman has to make the retailer believe that, what he or she is saying is true and can be relied upon. This will happen only when the distributor salesman is having good command over product details.

Some of the important product details are given below.

- 1. Quantities and Design of the Product:** The particulars like the product quantity in grams or liters, and the product design such as height, width, and length are important to know.
- 2. Product Composition:** The information concerning the ingredients of the product includes the knowledge on components used in manufacturing the product. And their ratio is also important to know.
- 3. Pricing Points:** A company can offer different products for the same purpose at different price levels to satisfy different customers by varying the product quality or features or design or packing etc. These price levels can be termed as price points and generally set to meet the competitive advantage.

The other information regarding pricing includes, the discount offers available such as buy 10 units get 20% margin, 50 units get 25% margin, etc., the various schemes of purchase like 10+2 product scheme and bundle offer such as 10 number of product A + 2 number of product B etc.

- 4. Variants:** A company may offer different products to its customers by varying its style/model/design etc. It is also important to know the

different variants available in that particular category of the product of our own company as well as of the compactor.

- 5. Special and Unique Features:** Unique about the product may be color, design, use, package, etc.
- 6. How to Use the Product:** Information regarding the usage of the product, for example, let us assume that the product is gulab jamun mix, then the process of preparing gulab jamuns is also important to know.
- 7. Warranty and Guarantee and After-Sales Service:** The details regarding the period of warranty and guarantee and the conditions to avail that are important to know. And the after-sales service details such as the service network for any repairs, call center information, etc. are also important to know.
- 8. The History of the Product:** The basic information regarding how the product evolution has happened and how the product has been developed up to this stage comes under this category.
- 9. Information about the competitors:** It is most important to know the details regarding competitors' products available in the same line, their pricing, features, and drawbacks. Knowing the above details helps distributors to convince the retailer subsequently he or she will convince the final consumer.
- 10. Information about the own company:** The fundamental information regarding the company's brand image, market share, manufacturing process, etc. is also important to know.

Unless distributors provide the above information to a retailer, he or she may not communicate the same to a customer. So, first distributor has to be well equipped with the above product details.

And most importantly some of the above details like pricing, models of distributors own company as well competitors are fast changing in nature. So having up-to-date knowledge on these is very crucial otherwise it damages the company's sales. For this, distributors should have to go through with the product details sheet supplied by the company timely. And he or she should also have a close watch on competitors' schemes.

Being distributor salesperson, they are in touch with the retailers and he or she will receive certain inputs from the ground level staff as well. These inputs are very much helpful to supervisors to plan appropriate and relevant schemes for improving the sales. So being distributor salesman they should have to collect and acquire up to date information about the customers' movements to

various schemes of our own as well as competitors. And the same should pass on to the higher-level team which helps them in making necessary plans.

Channel Wise Schemes

The company may have one or more channels of distribution like, direct selling through own outlets, through distributors, through wholesalers and retailers, through online stores, etc. Being a distributor salesman, he or she should have to know and understand various schemes given by the company to these channels. The scheme to one channel may not apply to another one.

Category Wise Schemes

Most of the firms may have two or more categories of products. Let us take the instance of P&G (Proctor and Gamble), it has different categories of products like fabric care, skincare, health care, hair care, and women care, etc. And the company may also plan different schemes for all these categories (fig. 3.1).

Hence, one has acquired knowledge on all these schemes and to explain the same to the retailer.



Fig. 3.1: Product Categories

OUTLET WISE SCHEMES

Generally, companies offer different schemes to different outlet types. The scheme available with one type of outlet may not apply to the other one. Before going to approach an outlet, there is a need to know that which are applicable schemes to that outlet.

And generally, the schemes apply to a specific period only hence he or she has to update their knowledge on these schemes from time to time.

Passing on Information to Supervisors:

Provide the information regarding various schemes applicable to that store to the supervisor so they can plan their activities subsequently. The brochures, data sheets and advertisement material containing information regarding various offers should be given to the supervisors of the store so that they can pass on the same to the customers effectively (fig. 3.2).

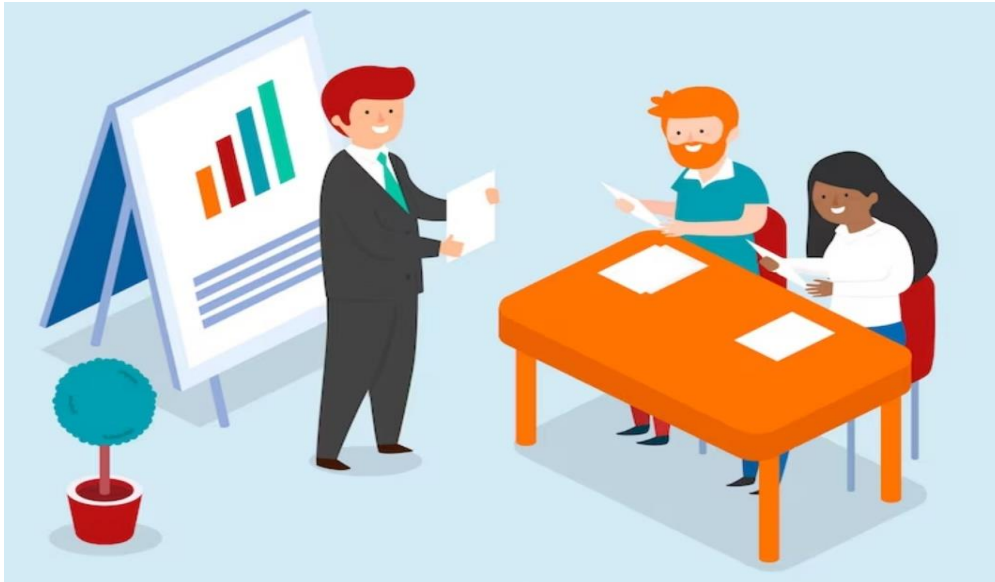


Fig. 3.2: Passing Information to Supervisors

A product portfolio is the combination of different product categories, product lines, and products. A product line is usual product that a company offers to a particular target market. In a product line, a company can offer a set of closely related products. Product details are the information about the benefits margins, offers, schemes, etc., the brand image of the company, and also the product quality, quantity, features, etc.

Activities

Activity 1: Field visit to learn grammages, price points, and variants of competitor products.

Procedure:

1. Make a group of 5 students.
2. Visit 1-2 retail shops to learn the product details such as components, pricing, and variants, etc, of any one or two brands and their competitors.
3. Take permission of the retailer for the survey.
4. Meet with an individual sales professional and ask the following questions:
 - a) What are the important product details that are important to know?

- b) What are the various components/ingredients?
- c) What are the diverse variants of that product?
- d) What are the pricing points available?
5. Note down the answers to the above questions.
6. Say thanks to the retailer for his or her co-operation.
7. Prepare a short report and submit it to the teacher.

Activity 2: Roleplay to learn product portfolio.

Materials Required: Pen, Pencil, and the Notebook.

Procedure:

1. Divide the class into groups with two students in a group.
2. Ask them to perform the roles of distributor salesman and retailer and their conversation.
3. Student play the role of distributor salesman and visit a retail store of Amul to makes sales.
4. Read the situation of the role-play.

Situation: Distributor salesman of Amul visits a retail store to make the sales. He greets the owner and enters the store. Observe the store and that there are no bread spreads available in the store. Distributor salesman explains the portfolio of Amul to the retailer to order the bread spreads and other products of Amul.

(Product portfolio of Amul includes various brands/lines such as milk, bread spread, paneer, butter, dhahi, ghee, milk powder, ice cream, chocolates, etc. In each product line, there are many products for example if we take Amul bread spreads, the line includes butter, Choco Buttery Spread, Lite, Delicious Fat Spread, Unsalted Butter, Garlic Butter and Safed Makkhan.)

5. Ask everyone to note down the components of Amul's portfolio.
6. Conclude at the end and ask the students to submit the report.

Activity 3: Prepare a chart on schemes by outlets.

Materials Required: Pen, Pencil, Rubber, Notebook, Checklist

Procedure:

1. Ask the students to sit in groups.
2. Distribute the material.
3. Ask them to prepare a chart on outlet-wise schemes based on their observation of field visits.
4. Display the charts in the class or lab.
5. Teachers should evaluate the charts prepared by the groups and guide for changing the design.

Check Your Progress

A. Fill in the Blanks

1. A product portfolio comprises all the products that a company producing for a _____.
2. Product line is a set of products that a company offers to a particular _____.
3. Offering different products by varying its style/ color/ model / design etc. is called as _____.
4. A Company may have _____ channel of distribution.
5. Offering different products for the same purpose at different price levels to satisfy different customers is called as _____.

B. Multiple Choice Questions

1. The product portfolio is the combination of different _____
 - a) product categories
 - b) product lines
 - c) products.
 - d) All the above
2. Information about the competitors includes details regarding
 - a) Competitors' products accessible in the same line,
 - b) pricing of competitors' products.
 - c) Features and drawbacks of competitor's products.
 - d) Information regarding all the above.
3. Distributor salesman is required to have good command over _____ to convince the retailer.
 - a) product details
 - b) product drawbacks.
 - c) sales team.
 - d) retail business.
4. The basic information regarding how the product evolution has happened and how the product has been developed up to this stage comes under _____.
 - a) Pricing points
 - b) Warranty and guaranty.
 - c) Competitor's information.
 - d) History of the product.

5. The fundamental information regarding the company's _____ is also important to know
- brand image
 - Competitors'
 - company's market share.
 - manufacturing process.
 - information regarding all the above.

C. State whether the following statements are True or False

- A product portfolio can be defined as the collection of all the products offered by a company.
- The distributor salesman need not provide information to the retailer about the benefits (margins, offers, schemes, etc.) they are going to receive with the deal
- It is not necessary to know the different variants available in that particular category of the product of our own company.
- It is most important to know the details regarding competitors' products.
- A new product line is added to offer a variety of products to its existing customers.

D. Short Answer Questions

- What do you mean by product portfolio?
- What is a product line?
- Discuss the import product details.
- Explain the channel-wise schemes.
- Write a short note on outlet-wise schemes?

E. Check Your Performance

- Demonstrate the meaning of product portfolio.
- List out the details of each given products by the teacher.
- Prepare a chart on the outlet-wise schemes based on students' observation while the store visits.

Session 2: Retail Merchandising

Retail merchandising refers to the activities that make customers enter into the store, and make them purchase the products as well (fig. 3.3).



Fig. 3.3: Retail Merchandising

DISPLAY IN OUTLET

The display is configuring all the products offered for sale throughout the store location.

The display includes an arrangement of shelves at the entry and checkout of the store, placement of the pods of mannequins, signs meant for customer attention, etc.

The key purpose of display in the outlet is visualising the complete form of the product, advertising the promotional package, or demonstrating the use of a particular product and introducing new products to the customers.

BRANDING MATERIALS

Branding in a retail store includes wall graphics, signage, outdoor branding, in-house fabrication, etc. The most common material used in any retail store for this purpose is vinyl printing. The photo prints, paintings, etc. are also used for this purpose. These are prepared to show the offers, discounts, etc. to attract the customer's attention.

Point of Purchase (POP) Display

Points of purchase displays are either printed or digital displays arranged in a store to influence the customer to purchase the products when he or she enters the store. These displays placed within the retail store where customers make purchasing decisions. The main intention is to bring customer attention to a particular brand or product or any special offer.

Generally used POP displays are as follows.

Free-Standing Displays

The standalone displays generally steel shelves or shelves made the cardboard-like material are called free-standing displays. These are used to display the products in a well-organised and creative sense (fig.3.4).

Freestanding displays give attention to a specific brand. These displays are made from steel or cardboard. These can be prepared in various ways and organisations can use creative ideas to present their brand or product with displays.



Fig. 3.4: Freestanding Displays

Dump Bins

Dump bins are generally used to display small in size or individually packaged, or unpackaged products in the store.

Dump bins are standalone displays, but they are not relatively organised as free-standing displays. Dump bins are larger and characteristically feature small, individually packaged goods, for example, chips packets.

Endcap Displays

These displays placed at the end of a row or an aisle or a lane in a store. Generally, in a retail store, the products of the same use are arranged in a row or lane or an aisle. It facilitates the customer to get the product without going into that row or lane or aisle. These Endcap displays influence the purchasing pattern of the customer with attractive printed or digital displays (fig.3.5).



Fig. 3.5: Endcap Display

Source: shorturl.at/aotRU

Banner Stands

Banner Stands are signs and posters that can be displayed within the store. These are most flexible and easily movable in the store. These stands are generally used to give information regarding the promotional offers and guide the customers' way towards the product (fig. 3.6).



Fig. 3.6: Banner Stand

Source: shorturl.at/huI45

HOW TO STOCK PRODUCTS AND COMPETITOR BRAND

Filling the racks and shelves of the retail store with the products is known as stocking. An effective stocking of the products will improve the sales of that product. Frequent checking of shelves is more important. A plan should be prepared for frequent checking of the shelves. Checking should be done before and after busy hours and during busy hours.

At the time of checking the shelves, while refilling it should be kept in mind that there no disturbance to the customers in the store.

Small size products should be placed front side and large size units have to be placed on the backside of them.

While stocking the products there should not be overstocking or understocking of the products in the shelves and racks as compared to the competitor's brand. The customers may feel that the sales of the products are poor as compared with the competitor's products. And if the products are understocked as compared with the competitor's brand, the customers may understand that they are old and remained stock. Products should be stocked in such a way that they are placed at eye level and more conveniently picked by the customer against the competitor's products.

REPLACE DAMAGED DISPLAY MATERIALS

The displays must be neat and hygiene. Displays have to be changed frequently and damaged items should be replaced with the new ones otherwise it doesn't look good and it also damages company's brand image.

In this session, students learned about how the manufacturers or distributors direct the retailer while arranging the retail merchandising. The display includes an arrangement of shelves at the entry and checkout of the store, placement of the pods of mannequins, signs meant for customer attention, etc. Branding in a retail store includes signage, wall graphics, outdoor branding, in-house fabrication, etc. Points of purchase (POP) displays are either printed or digital displays arranged in a store to influence the customer to buy the products when he or she enters the store.

Activities

Activity 1: Visit a retail outlet to identify hotspots in an outlet.

Material required: Notebook, paper, pen, pencil, and rubber, and questionnaire.

Procedure:

1. Make the student groups as per the convenience.

2. Visit 1-2 retail shops to learn about hotspots in the store.
3. Take permission of the retailer for the survey.
4. Meet with an individual sales professional and ask the following questions:
 - a) How many hotspots are there in the store?
 - b) Why they are considered hot spots?
5. Note down the answers to the above questions.
6. Observe the hotspot locations and confirm the reasons why they become hotspots in the store?
7. Say thanks to the retailer for his or her co-operation.
8. Prepare a short report and submit it to the teacher.

Activity 2: Field visit to learn about stocking of products and product displays.

Material required: Notebook, paper, pen, pencil, and rubber, and questionnaire.

Procedure:

1. Make the student groups as per the convenience.
2. Visit 1-2 retail shops to learn about hotspots in the store.
3. Take permission of the retailer for the survey.
4. Observe the racks for branding material hanged/pasted/fixed in the shelf and note down items.
5. Go to all the racks and observe how differently stocking of products have done in the racks.
6. Meet with an individual sales professional and ask the following questions
 - a) What are the branding materials they generally use?
 - b) How regular stocking of products will be done?
 - c) What is their routine in stocking the products?
7. Note down the answers to the above questions.
8. Say thanks to the retailer for his or her co-operation.
9. Prepare a short report and submit it to the teacher.

Activity 3: Stocking of products to convince the retailer to provide these for displays and achieve high order visibility.

Material Required: Products, display equipment, space for display of goods.

Procedure

1. Visit a retail lab.
2. Make a group of 2-3 students each.
3. Assign the work to display various products to all groups.
4. Give task of one product to each group.
5. Students can use equipment and tools from the lab.
6. Display of goods in an attractive manner.

7. Teacher evaluates the whole activity.

Check Your Progress

A. Fill in the Blanks

- Retail merchandising refers to the activities by which we can make customers come into the store, get the customers _____ when they are in the store.
- Display is _____ all the products offered for sale throughout the store location.
- Points of purchase (POP) displays are either printed or digital displays arranged in a store to _____ the customer to purchase the products when he or she enters into the store.
- The standalone displays generally steel shelves or shelves made the cardboard like material are called as _____.
- Banner Stands are _____ and _____ that can be shown within the store where ever we want.

B. Multiple Choice Questions

- Branding in a retail store includes wall graphics, signage, outdoor branding, in-house fabrication, Increased sales
 - Signage
 - In-house fabrication
 - Outdoor branding
 - All of the Above
- Displays are either printed or digital displays arranged in a store to influence the customer to purchase the products when he or she enters the store is called as
 - Point of display
 - Display items
 - Free-standing displays
 - None of the Above
- The standalone displays generally steel shelves or shelves made the cardboard-like material are called
 - Free-standing displays
 - Dump Bins
 - Endscap Displays
 - None of the Above
- are generally used to display small in size or individually packaged, or unpackaged products in the store.
 - Free-standing displays

- b) Dump Bins
- c) Endscap Displays
- d) None of the Above

C. State whether the following statements are True or False

1. Dump bins are also standalone shows, but they're not relatively as organised as freestanding displays.
2. Endcap displays are located at the middle of each row.
3. Banner Stands are generally used to give information regarding the promotional offers and guide the customers' way towards the product.
4. Freestanding displays are used to display the products in a well-organised and creative sense.

D. Short Answer Questions

1. What do you mean by POP Display?
2. What is a dump bin?
3. What do you mean by display outlets?

E. Long Answer Questions

1. Explain Branding material in detail.
2. Find out how to stock products and competitors' brands in merchandising.

F. Check Your Performance

1. Prepare a chart on POP displays?
2. Group discussion Branding Materials for display in retail store.

Session 3: Benchmarking and Brand Availability

Benchmarks are reliable quantitative figures about the standard performance in an industry or a particular type of business. Usually, these quantitative figures help in understanding where we stand in the industry and more importantly against the competitor.

The benchmarks generally used in retail are, sales per square meter space occupied in a retail store, occupancy cost percentage to sales, salary and wage cost percentage to sales and total cost percentage to sales, conversion rate, etc.

MEANING OF BRAND

The brand helps to identify a specific company, individual, product etc. Brands are intangible in nature. It helps shape people's perceptions of products, companies and individuals. Brands helps to identifying marketers to help

create brand identities within marketplace. It provides value to the company or individual giving them a competitive advantage over others in the similar industry. In the retail sector there are various products which have their own identify.

BENCHMARKING IN A COMPETITIVE MARKET

In market, it is very significant to compare the company's performance against the competitor's performance (fig. 3.7).



Fig. 3.7: Competitive Market

The technique of comparing a company to many competitors using a set of measures is known as competitive benchmarking. This method is used to assess a company's performance and compare it to that of others throughout time. The opponent could be a direct competitor, a larger or best-in-industry competitor, or a minor downward competitor.

Benchmarking with a close competitor who is most like to distributors company in terms of size of operations, gives a close view of the company with whom is directly competing. If he or she spot that rival's performance is going up over the last few weeks, then he or she can also plan similar activities to pick up performance. And it also helps them to take essential measures.

Benchmarking with bigger companies or industry leaders helps the firm to become one of them. Initially, the figures may be disappointing and depressed but it helps a company in its long-term planning. It gives valuable insights about where the company is weak as compared to bigger ones and it also helps a firm to plan its activities to overcome them.

Benchmarking with smaller companies in the market is also important. With this kind of benchmarking, a company can plan activities to safeguard from these smaller companies.

PROCESS OF BENCHMARKING

- 1. Identifying the Product to Benchmark:** First, the firm has to identify which product has to be benchmarked. When there are two or more products of the company first, require to choose which product has to be benchmarked.
- 2. Choosing the Right Competitors:** Choosing the right competitors against whom the company wants to benchmark is the second step. Here distributors have to select one or more companies against whom they want to benchmark product. The selection of competitors depends upon the long-term and short-term policies of the firm. It depends upon the firm's policy like, want to go with a close competitor or wanting a fight with an industry leader or to safeguard themselves from their downward competitor, etc.
- 3. Collection of Data/Metrics regarding the Performance of Competitor:** Collection of performance metrics/data includes finding out own as well as competitor sales per square meter space occupied in a retail store, occupancy cost percentage to sales, salary and wage cost percentage to sales and total cost percentage to sales, conversion rate, etc.
- 4. Identifying the Own Strengths and Gaps in the Company's Performance:** By comparing the performance metrics of select competitors with the company performance metrics company that can identify the firm's strengths as well as the gaps in the company's performance. It means strong and weak as compared with the competitors. It also helps in understanding what our present location in the market is.
- 5. Adopting Best Performer's Policies:** Benchmarking indemnifies makes the difference and where we are different from our competitors. Distributor activities lead to high-performance metrics as compared to competitors' performance metrics may be continued or further strengthened. If a firm's performance metrics are weak as compared to a competitor's performance metrics and they can adopt the best performer's policies to improve our performance metrics.

BENEFITS OF BENCHMARKING

Benchmarking gives an idea about the cost structure to the staff of organisation.

- It also makes employees understand the internal processes involved.
- Benchmarking also inculcates a competitive spirit among the employees.
- It helps the organisation to become more efficient.
- Benchmarking leads profitability

Benchmarks are reliable quantitative figures about the standard performance in an industry or a particular type of business. Competitive benchmarking is the process of comparing a company against several competitors using a set of metrics. The process of benchmarking includes identifying the product to benchmark, choosing the right competitors, collecting data/metrics regarding the performance of competitors, identifying the own strengths and gaps in the company's performance, adopting best performer's policies.

Activities

Activity 1: Field visit to a retail outlet to learn how to benchmark products.

Material required: Notebook, Paper, Pen, Pencil, rubber, and questionnaire.

Procedure:

- 1) Make a group as per the convenience.
- 2) Visit 1-2 retail shops to learn how to benchmark the products.
- 3) Take permission of the retailer for the survey.
- 4) Identify any one product and meet with the respective sales professional and ask the following questions:
 - a) What is benchmarking?
 - b) who is/are the competitor/competitors selected for benchmarking?
 - c) What are the performance metrics used for benchmarking?
 - d) Students write down the answers in their notebook.
- 5) Students say thanks to the retailer for his/her co-operation.
- 6) Prepare a short report and submit it to the teacher.

Activity 2: Prepare a questionnaire and survey on retailers about how to benchmark products

Material required: Questionnaire form, pen, notebook

Procedure

1. Ask students to collect all materials and do a survey on retailers about how to benchmark products.
2. Visit a retail outlet
3. Ask the following questions to the retailer
4. Survey questionnaire form

- a) In what way do you are identifying the product to benchmark?

- b) In what way do you choose products of competitors to benchmark?

- c) What are the methods of collecting data the competitor's performance?

- d) What are the benchmark policies adopted by retail outlet?

- e) Are you satisfied with the current benchmark practices?

5. Tabulate the collected data.
 6. Analyse the data using suitable statistical tools.
 7. Prepare the interpretation based on the analysis.
 8. Prepare a report and submitted to subject teacher.

Check Your Progress

A. Fill in the Blanks

1. Benchmarks are reliable _____ figures about standard performance in an industry or category of a business.
2. Benchmarking with _____ helps the firm to become one of them.
3. Benchmarking with the smaller company helps the firm to plan its activities to safeguard themselves from these _____.
4. Usually, the benchmarks help in understanding where we stand in the industry and more importantly against the _____.
5. We can adopt the best performer's policies to improve our _____.
6. Benchmarking gives an notion about _____ to the staffs of the organisation.

B. Multiple Choice Questions

1. _____ are reliable quantitative figures about the standard performance in an industry or a particular type of business
 - a) Product details
 - b) Sales
 - c) Benchmarks.
 - d) All the above
2. Collection of performance metrics/data includes.
 - a) Competitor's sales per square meter
 - b) Occupancy cost percentage to sales

- c) Salary and wage cost percentage to sales
 - d) All the above.
3. Selecting the right competitor depends upon the firm's policy.
- a) Wants to go with the close competitor
 - b) Wants fight with industry leader
 - c) To safeguard themselves from their downward competitor
 - d) All of the above.

C. State whether the following statements are True or False

1. To know where we are, it is very important to compare the company's performance against the competitor's performance.
2. Choosing which product has to be benchmarked is the second step of benchmarking process.
3. Benchmarking with a close competitor doesn't give a close view of the company with whom it is directly competing.
4. Benchmarking makes employees understand the internal processes involved.
5. Benchmarking leads to more profitability.

D. Short Answer Questions

1. What do you mean by brand?
2. Define benchmarking?
3. Write short note on competitive market.

E. Long Answer Questions

1. Explain benchmarking and process of benchmarking?
2. What are the benefits of benchmarking?

F. Check Your Performance

1. Demonstrate benchmarking.
2. How to select the competitors for benchmarking,
3. Group discussion on selecting competitors for benchmarking.
4. Prepare a chart of various performance metrics used in benchmarking.
- 5.

Session 4: Benefits of SKU Product

Stock keeping unit is a code used by the retailer to identify and track products in the store. Generally, most retailers design and use their SKUs so that it is easy for them to track their inventory and sales of every product in the store. Besides identification, several other benefits of SKU make it more important in retailing. In this purpose of arranging SKUs at retailers' warehouses or retail stores distributors assistance is required.

STOCK KEEPING UNIT (SKU): (PRONOUNCED AS SKEW)

SKU is a unique code consisting of alphabets and numbers used to identify each product. The combination of alphabets and numbers is used as a code to identify the product characteristics such as brand, variant, size, colour etc. Most retailers use SKUs to identify and track every product internally.

In general, SKU is between 8 – 12 characters. If **PTE-FS-38-BLU** is SKU used in a garment store, it indicates the product as below.

PTE: Peter England

FS: Formal Shirt

38: Size of the shirt

BLU: The blue colour of the shirt.

BENEFITS OF SKU PRODUCT

Stock keeping units are very important in retail stores. Some of the common benefits of SKU products are given below.

- It is very much useful in identifying the product.
- It is also useful in tracking inventory. The retailer can easily find out how many units are unsold in the store.
- It helps to find out profitable and unprofitable products in the store.
- It enables the customers to easily find their required product.
- It is easy to find out the product details.

Unique Selling Proposition or Unique Selling Point**Exhibit: Meaning of USP**

USP is a feature of a product makes the product special and different from the competitors' products.

It is a unique thing about the product which makes the product unique from other products. It also highlights the benefits of the product.

Head and Shoulders Shampoo USP is clinically proven, Up to 100% Dandruff protection. Here head and shoulder want to project that their shampoo is clinically proven and gives 100 % dandruff protection. It makes them special in consumers' minds because no other shampoo is giving that kind of promise regarding dandruff protection.

The distributor salesman has to clearly understand the USP of the product and he or she should be in a position to explain and make the retailer understand the same, otherwise convincing the retailer is not possible. When a retailer is convinced with the unique feature and benefit of the product then it is easy for him or her to convince the customers.

When a new product is introduced into the market, the retailer would be given certain unique benefits over the competitors.

Some of the benefits are given below.

- Extension of credit amount or period or both.
- Extra discounts (fig.3.8).



Fig.3.8: Discounts and Offers

- Free samples.
- Special gift schemes.
- Supplying required material free of cost.

The distributor salesperson must have a clear understanding of the benefits offered to the retailer so that he or she can convince the retailer to purchase products.

EFFECTIVE SALES CALL TO CONVINCE THE RETAILER

Being a distributor salesman, it is very important to visit the store frequently to know the status of the product and record the new sales as well.

These products are termed with their SKUs in the store, do remember those SKUs. To make effective sales call the following precautions should be taken.

Timing of the Visit: Try to visit the store when there is minimal traffic in the store. It allows to invest some time with the store owner or manager and that time is very valuable to make a sale.

Enter the Store with the Latest Promotional Material and Display Signs:

While entering the store make sure to bring latest promotional material and display signs with. It helps to get quickly recognised by the store owner or manager and always remember to park vehicle far away from the main door and the space provided for customers.

Greet the Store Owner: After entering the store greet and introduce, generally, they are busy with customers or any other suppliers if so wait for the turn. In between use the time to get the status of product by visiting the rack or shelf where product is displayed.

Restock: Go to product display and arrange the products in proper order and place the latest display material on the rack. Inspect the surrounding for removing the things which are blocking the display. Make sure that the shelf display is visible to the customers.

Observe the Store: Look around the store for a better place to display products. Visit the stock room to know the remaining cartoons of each SKU. And also observe the display shelf and stock of competitors' products.

Meet the Owner and Convince: After getting relevant information on the product as well as the competitors' products now and it's your turn to meet the store owner. Always start with what you have done in the store before meeting him for a better display of the product. Tell him or her about new promotional material you have installed in the store to improve the sales. Raise your concern regarding the change of display shelf location to the appropriate place identified by you. Discuss the current SKUs stock position and ask him or her to order their requirement. And take the order.

SKU is a unique code containing alphabets and numbers used to identify each product. USP is a feature of a product which makes the product special and different from the competitors' product. Being a distributor salesman, it is very significant to visit the store frequently to know the status of products and record the new sales as well. To make effective sales call the certain precautions should be taken.

Activities

Activity 1: Visit a retail outlet and learn how to make effective sales calls and prepare a chart on schemes by outlets.

Material required: Notebook, Paper, Pen, Pencil, rubber, and questionnaire.

Procedure:

1. Make student groups as per the convenience.
2. Visit 1-2 retail shops to learn the product details such as components, pricing and variants, etc. of any one or two brands and their competitors.
3. Take permission of the retailer for the survey.
4. Wait for distributor salesman comes into the store to make the sales call and observe his activities as follows
 - a) Observe how the distributor salesman is approaching the store owner or manager.

- b) Observe how he is greeting the store owner/manager.
 - c) Observe how he is restocking the products.
 - d) Observe how he is communicating with the owner regarding sales call.
5. Note down his activities.
 6. Ask the distributor salesman what are important points kept in mind to make an effective sales call?
 7. Note down the answer.
 8. Say thanks to the retailer and distributor salesman for their co-operation.
 9. Prepare a short report and submit it to the teacher.

Activity 2: Role-play on the sales call.

Material required: Display equipment, billing counter, pen, notebook

Procedure:

1. Assume Distributor salesman of Amul visits a retail store to make the sales.
2. He greets the owner and enters the store.
3. Observes the store and found that there were customers on the counter and he went inside the store.
4. He or she restock the products which are disturbed and fills the vacancies in display with the available back stock.
5. He also went to the stock room to check the unsold stock of his own as well as his competitor.
6. During his stay inside the store, he observes that there are different types of bread but no bread spreads are available in the store.
7. The distributor salesman explains the bread spreads available in Amul to the retailer.
8. He or she try to convince the retailer to order the bread spreads along with existing milk and milk powder.

Check Your Progress

A. Fill in the Blanks

1. USP is a feature of a product which makes the product _____ and _____ from the competitors' product.
2. When a retailer is convinced with the USP of the product then it is easy for him to convince the _____.
3. The full form of SKU is _____.

4. SKU is unique code consisting _____ and _____ used to identify each product.
5. While entering in to the store make sure to bring your _____ with you.
6. Try to visit the store when there is _____ in the store.

B. Multiple Choice Questions

1. When a retailer is convinced with the unique feature and benefit of the product then it is easy for him or her to convince the _____
 - a) producer
 - b) supplier.
 - c) customer.
 - d) salesman.
2. When a new product is introduced into the market, the retailer would be given benefits like _____
 - a) extension of credit amount or period or both.
 - b) extra discounts.
 - c) free samples.
 - d) All the above
3. SKU is unique code consisting _____ used to identify the each product retailer.
 - a) alphabets.
 - b) only numbers
 - c) both alphabets and numbers.
 - d) None of the above
4. If PTE-FS-38-BLU is SKU used in a garment store, 38 indicates _____
 - a) colour of the product
 - b) type of the product.
 - c) brand name of the product.
 - d) size of the product.
5. Arranging the products in proper order and placing the latest display material on the rack comes under _____
 - a) timing of the visit
 - b) greeting the retailer
 - c) restock
 - d) All the above

C. State whether the following statements are True or False

1. USP is a feature of a product which makes the product special and different from the competitors' products.

2. Supplying required material free of cost is one of the benefits given to the retailer at the time of introducing a new product.
3. Most retailers use SKUs to identify and track every product internally.
4. Entering the store with the latest promotional material and display signs helps to get quickly recognized by the store owner or manager.
5. Being distributor salesperson, have to visit the store when there is full of customers in the store.

D. Short Answer Questions

1. Define USP?
2. What is SKU?

E. Long Answer Questions

1. Explain the benefits of SKU product?
2. Discuss the precautions that should be taken to conduct an effective sales call?

F. Check Your Performance

1. Demonstrate the features of USP
2. Spell out the process for arranging the SKUs.
3. Prepare a chart on the conduct of effective sales calls?

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Module 4**Understanding Business****Module Overview**

Business is an occupation or trade of products or services to make a profit. Type of business depends on mainly two things customer need and market demand. A company or an inventive entity engaged in commercial, industrial, or professional activity is referred to as a business. Individuals' organised efforts and actions to manufacture and sell goods and services for profit are frequently referred to as "business."

For example, during the pandemic situation of COVID-19, many people are making face masks, manufacturing or supplying hand sanitizers, etc. as per the market demand and need of the customer.

In our day-to-day life, we buy a variety of products as per our needs every day. These products range from daily needs like milk, vegetables to luxury items like a car or air conditioners. Business needs to think about how these products reach the customers. Receiving the products from the manufacturers to the customers requires an efficient supply chain.

The term "distribution" refers to the process of spreading a product throughout the marketplace so that it can be purchased by a wide number of individuals. Transportation, delivery, and packing are part of distribution, which involves tracking the locations where the product can be placed so that as many people as possible have the opportunity to acquire it.

A distributor is someone who purchases, stores, and sells things through a distribution channel. They operate as a link between producers and merchants or consumers, and they represent a certain business. They act as middlemen, delivering and storing goods for producers to sell to retailers. A distribution channel is a corridor or pipeline that products and services pass through. This is suitable for the widely scattered markets, e.g. cosmetics, beverages. These are called fast-moving consumer goods or FMCG products.

This unit is focused on the understanding of the business which includes four sessions. The first session describes the target productivity, the second session explains the target and achievement, the third session describes the category wise billing as per plan and the fourth session elucidates route objectives.

Learning Outcomes

After completing this module, you will be able to:

- Identify target productivity
- Identify Target Achievement
- Describes category wise billing as per plan.
- Explain day or route objectives

Module Structure

- Session 1: Target Productivity
- Session 2: Target and Achievement
- Session 3: Category Wise Billing as per Plan
- Session 4: Route Objectives

Session 1: Target Productivity

A robust distribution system means that the company has a better chance of selling more of its items than its competitors. Greater margins absorb raw material price increases better and survive longer in harsh market conditions because the organisation spreads its products wider and faster into the market place at lower costs than its competitors. Distribution is serious for any type of industry or service. The best price, product, promotion and people come to know if the product is not accessible for sale at the points at which consumers can buy. Distributor salesperson should know what the sales objective is and understand the productivity targets (fig.4.1).



Fig. 4.1: Target Productivity

UNDERSTAND SALES OBJECTIVES AND TARGETS

SALES OBJECTIVE

1. **A distributor's primary goal is to track the locations where a product can be placed so that customers have the best chance of purchasing it.**
2. **To satisfy customers.**
3. **To maximise the profits.**
4. The right time in the right quantity at right place at minimum cost.

There are other objectives also which are related to inventory or transportation like to have optimum inventory and minimise the transportation cost.

PRODUCTIVITY TARGETS

Sales productivity is all about maximizing time invested on the most critical sales activities like customer meetings, networking etc. will lesser the resources needed to finish them i.e., time, money, effort. In short maximum sale in minimum time and at minimum cost.

Exhibit 2: Sales Productivity

Sales productivity is all about maximizing time spent on the most critical sales rep activities (prospecting, client meetings, networking) and minimizing the resources needed to accomplish them (i.e. time, money, effort).

Source: salesshaker.com

Formula to calculate sales productivity.

Sales Productivity = Efficiency x Effectiveness

To identify selling possibilities and evaluate customer needs, to increase the productivity of distributor salesman market research and analysis is conducted to set the different types of productivity targets such as bills cut targets, Lines cut target, average bill value target, category wise target, outlet wise target, route wise billing targets, etc.

These targets are key performance indicators (KPI's) of a distributor salesman. The targets which are set to determine productivity are called Productivity targets.

TYPES OF PRODUCTIVITY TARGETS

Sales target in simple words is the expected sale of goods or expected reach of goods in the business of distribution. Productivity target is set for the salesman to increase his or her productivity.

Daily Bill Cut: Total number of buying outlets for the day is called daily bill cuts.

Example: If the distributor salesman has visited 20 outlets on Monday, and out of 20 outlets 11 have purchased some products, then 11 is his or her bill cut for Monday.

Productivity Norm: It is the number of effective calls out of a total number of calls made by distributor salesman. Each visit is called a call. Every company has its decided productivity norm.

Bills Cut Target: As per the company's productivity norms, and statistical data analysis it is decided that how many bills cuts one salesman should do. Or how much bills cut are possible for the specific period either day or week or month. The Distributor salesman is given that target on daily, monthly or weekly basis which he or she is supposed to achieve.

Lines Cut: A total number of ranges sold in all shops for the day called lines cut.

Lines Cut Target: How many SKU's can be sold in a day in all outlets by one salesman is calculated based on historical data. That is his/her line cut target.

We will see in detail how to set these targets and what the methods to achieve these targets later are.

Average Bill Value: It is the Average value of each bill during any period. This can be calculated using this simple formula.

Total sale in a particular period / number of bills cut in that period. For example, the total sale for January is 100000, and the number of bills cut are 800 then the average bill value is 125 for January.

$$ABV = 100000 / 800 = 125$$

Average bill value can be calculated at different levels like store level, category level, etc. This varies as per the store format. The different store formats are fresh stores, hypermarkets, supermarkets, cash n carry, or wholesale stores. There are also formats like Apparel stores, shoe stores, electronics stores, Jewellery stores, etc. This analysis is required to forecast the business potential, to set the targets, to decide marketing strategy, to plan sales, and also to take corrective actions.

This average bill value also can be calculated period-wise. The period can be a day, Week, Month, quarter, or year.

Store Level: For a kirana Store level average bill value for the day, for the week, for the month, and the year can be calculated.

Day wise ABV is the total sale for the day divided by the number of bills in a day.

Month wise ABV is the total sale for the month divided by the number of bills in the month.

Category level: This is the total sale of any category divided by a number of bills.

Total sale of beverages category can be calculated so that the target can be set, sales strategy to sell beverages can be decided.

Subcategory: Tea is a subcategory in the beverage category. The average bill value can be calculated at this level too.

The way to calculate average bill value varies per company. Some big multinational companies have automated systems which calculate average bill value.

Unique Outlets Billed: the outlets which are billed at least once a month are counted.

Example – Suppose there are 250 outlets in a beat or area. In January, out of 250 outlets, 15 outlets have purchased only once.

So, for January unique outlets billed is 15.

There are different ways of analysis for each store for different brands. Sometimes average bill value is considered and some timeline cuts are considered based his or her statistical data analysis the targets are decided.

All the targets and achievements per salesman are tracked.

If the targets are not met, the reasons for non-achievement are found out and corrective measures are taken.

SUPPLY CHAIN

The supply chain is a system that involves the movement of products/ services from the manufacturer to the customer (fig. 4.2).



Fig. 4.2: Supply Chain

The supply chain consists of the following entities.

Manufacturer: Manufactures the products as per the demand of the customer is called manufacturing.

Distributor: Distributors buys the product lines from the manufacturer, stocks them in the warehouse and distributes the products to the various wholesalers

Wholesaler: Wholesalers buy the products in large or bulk quantities and sell to the retailers like a supermarket or small shops with a profit margin. These wholesalers sell in cartons only. They don't sell in loose quantities.

Retailer: They are at the end of the channel in this supply chain. They directly sell the goods to the customer. They operate in locations close to the customers. Retailers sell in small quantities.

Retailers also keep a variety of products from various manufacturers.

Customer: They are the end-user or the consumer. They buy the product from the retailer as per the need.

STRATEGIES OF DISTRIBUTION

There are different strategies of distribution. Distribution strategies should depend on the kind of product being sold. Based on the product type and growth required, the type of the distribution is decided (fig. 4.3).

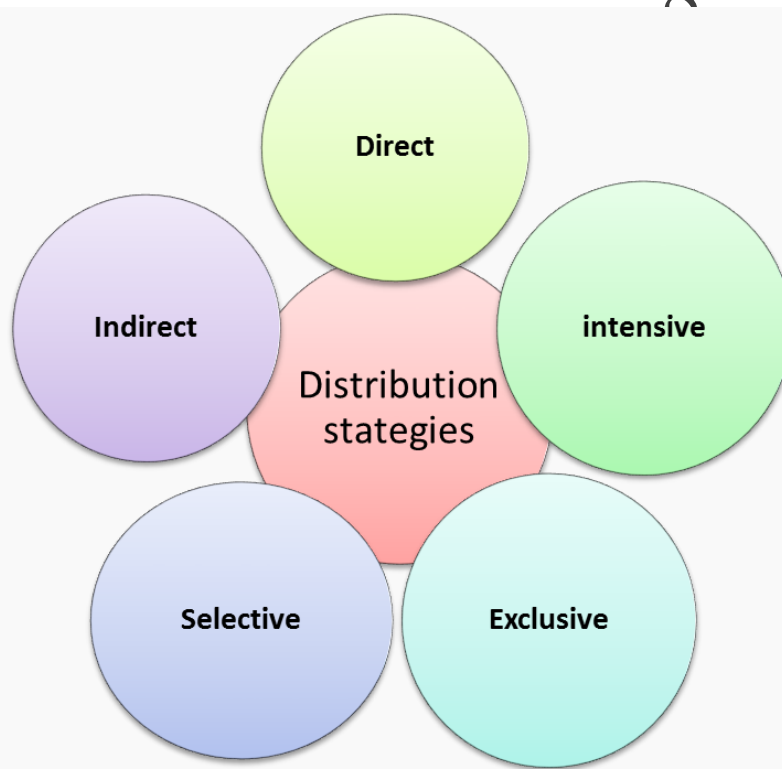


Fig. 4.3: Strategies of Distribution

Direct Distribution: Manufacturer directly selling goods and services to the customer.

Example, online shopping or e-commerce, mi phones were not available in the stores but were available only online. Here manufacturer is directly selling to the customer.

Indirect Distribution- On the other hand, an indirect channel incorporates intermediaries into the sales flow.

Example, Pepsi, Nestle – These companies are distribute their products in the market through various distributors, which in turn sell to the wholesalers and retailers and from retailers then reach the end customers.

Intensive Distribution– In this type, the product is available everywhere. Example, Brands like Colgate, or soft drinks like Coke present in every small shop of the town.

Exclusive Distribution– Some high-value brand products are available only in the outlets situated in major cities.

Example, Mercedes showrooms are only in the metro cites like Bombay, Delhi.

Selective Distribution– In this type the products are not very high priced but they are present in some selected cities as per the demand.

Example, McDonald which is getting in big cities only.

Activities

Activity 1: Visit a retail outlet and find out what are the bills cut for the day.

Materials Required: Notebook, pen, pencil, paper, calculator.

Procedure:

1. Form a group of 5 students
2. Visit a dairy shop in your area and note the number of bills cut each day in a week.
3. Make a table chart of days in a week and note the number of bills cut.
4. Take the average number of bills cut with using the formula.
5. Submit to the teacher.

Activity 2: Visit some retail outlet and find out what is the average bill value

Materials Required: Notebook, pen, pencil, paper, calculator.

Procedure:

1. Visit a dairy shop in your area and note the number of bills cut in one day.
2. Find out the value of each bill in a day. Take the total of the bill amounts.
3. Divide the total amount of bills by the number of bills cut in one day.
4. Take the average bill value.
5. Submit to the teacher.
- 6.

Check Your Progress

A. Fill in the Blanks

1. Sales Productivity = _____ x Effectiveness.
2. Wholesaler is in between distributor and _____.
3. Parle -G biscuits is an example of _____ distribution.
4. _____ buy the products in large or bulk quantities and sell to the retailers like a supermarket or small shops with a profit margin.
5. In the distribution _____ customers are the end user of the products.

B. Multiple Choice Questions

1. _____ in simple words is the expected sale of goods or expected reach of goods in the business of distribution.
 - a) Sales target
 - b) Productivity
 - c) Branding
 - d) None of the Above
2. _____ is the number of effective calls out of a total number of calls made by distributor salesman.
 - a) Productivity norm
 - b) Bill cut target
 - c) Lines cut
 - d) None of the Above
3. How many SKU's can be sold in a day in all outlets by one salesman is calculated based on historical data which is _____.
 - a) bills cut target
 - b) line cut target
 - c) average bill value
 - d) None of the Above
4. _____ is the Average value of each bill during any period.
 - a) Lines cut
 - b) Store level
 - c) Average Bill Value
 - d) None of the Above

C. State whether the following statements are True or False

1. Unique outlets are the number of outlets billed once a week.
2. The consumer comes last in the supply chain path.

3. Productivity norm is predefined.
4. Each SKU is a separate Product line.

D. Match the Columns

	Column A		Column B
1	Direct Distribution	A	BMW
2	Exclusive Distribution	B	Maggi noodles
3	Indirect Distribution	C	Mi phone
4	Intensive Distribution	D	Patanjali

E. Short Answer Questions

1. What are the sales objectives?
2. Define productivity targets?
3. What do you mean by daily bill cut?
4. What do you understand by lines cut targets?
5. What is the meaning of category level?

F. Long Answer Questions

1. Explain different strategies of distribution?
2. Describe line cut target? Explain by giving example.
3. Explain the productivity targets available in the business.

G. Check Your Performance

1. Make a chart of the supply chain of any three products.
2. Presentation on sales productivity.

Session 2: Target and Achievement

In addition to fulfilling retailer orders, distributor salesman actively sells products on behalf of the producers in the area of the distribution. The orders of sales representatives go beyond acting as go-betweens for retailers and producers. They conduct market research and look for fresh prospects regularly to reach peak sales results. Distributors are directly accountable and responsible to retailers for providing items and services. Before setting the targets, it is also necessary to measure the number of beats in the particular area and the number of salesmen required to complete the total targeted sale.

CALCULATION OF NUMBER OF BEATS AND SALESMEN REQUIRED IN THE AREA

First total number of outlets are calculated in the area of distribution. Depending on the productivity norm, which is as per the statistical data number of beats are calculated.

No. of Beats = Total number of outlets divided by outlets per beat.

Example, there are 1200 outlets in one area and if the productivity norm of the company is 40 then number of beats are 30.

Frequency is how many times the salesman visits the outlet in a specific period. This is predefined by the company.

Routes are calculated by dividing number of beats by frequency. For each route, one salesman is required.

Example, suppose it is decided by the company that these outlets should be visited once in a week by a salesman. There are six working days in a week, so this is divided by 6.

The numbers of beats are 30 which is divided by 6, are number of routes. Hence the number of routes is 5. Each route will be given to one salesman.

This means five salesmen are required who will be going to cover 30 beats in a week, and each beat will have 40 outlets. This way they will cover all 1200 outlets in a week.

HOW TO SET DAILY BILLS CUT TARGET

Method 1: ABC corporation has decided productivity norm which is 60. This means out of 100 calls; 60 calls should be effective. This is monitored daily. In a day salesman visits 20 outlets, then he or she should be able to sell in 12 outlets, which is 60% of 20. His daily bills cut target is 12 outlets.

In the same ways, monthly target is calculated. The distributor salesman visits each outlet in a week as each visit is considered one call. In the following table, the number of outlets per salesman is 150 which he or she is supposed to visit once a week, which means he or she will make 150 calls in a week and approximately 600 calls in a month. If the productivity norm is 60 then the bill cut target for the month is 360.

No. of Outlets	150
Total scheduled calls in month (in 4 weeks)	600
Productivity Norm	60
Bills cut Target	360

Table 4.1: Bills Cut Target

To increase productivity, in-depth analysis and beat-wise and day-wise targets are given to the salesman. These targets are tracked and the productivity is measured for a salesman.

Method 2: Total number of bills cut possible in a month is calculated in the following manner. For this let us take an example of November month.

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Table 4.2: November 2020

A total number of Mondays, Tuesdays, etc., is calculated in November 2020.

Day-wise outlets per beat are calculated in a month per salesman. Suppose there are 30 outlets on the route or beat which he or she is supposed to visit on Monday and 35 outlets on the Tuesday beat, then the calculation is as shown in the table below.

In the following table, the total number of calls possible is 150 on Monday, 140 on Tuesday, and so on. Total bills cut possible are 786 in the Month of November.

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total bills cut possible
No. of outlets in the beat	30	35	28	32	35	29	
No. of days in the month -November	5	4	4	4	4	4	
Total number of bills cut possible	150	140	112	128	140	116	786

Table 4.3: Bills Cut

But as per the productivity norm, which we have considered 60 earlier, the target of bill cut is 60 % of 786, which is 472.

Total bills cut possible	Productivity Norm	Bills cut target
786	60	472

Table 4.4: Bills Cut and Productivity Norms

In the earlier method of calculation, we have seen that the bill's cut target was 360 but, in this way, it has increased to 472. Which is 112 more. Suppose a

salesman is able to generate a sale of Rs. 500 per outlet he or she can get sale of Rs. 56000 for 112 outlets. This is an incremental sale. This way the productivity of the salesman increases by setting such targets.

These targets are also considered potential wise. Certain beats can have more potential for higher number of bills cut. The productive norms can be raised to 70 % for such beats. Whereas some beats have low potential, their norm can be lowered. This is based on past data. This way it can be balanced and the bills cut target can be given to each salesman. The monthly target is divided in weeks and weekly, daily targets can be given and tracked. This ensures tracking and execution in a much better way.

HOW TO SET LINE CUT TARGET

When a distributor salesman goes to outlets the number of SKUs sold by him or her in a day are lines cut for the day. First the possible sale of number of lines per salesman is calculated. These targets can also be set daily or monthly.

SKU	Outlet A	Outlet B	Outlet C	Outlet D	Outlet E
Colgate 100g	2 packs	3 packs	2 packs	0	2 packs
Parle G 200g	1 pack	4 packs	0	0	0
Coke 500 ml	0	1 pack	2 packs	0	0
Santoor soap 75g	0	3 packs	4 packs	0	4 packs
No. of lines	2	4	3	0	2

Table 4.5: Lines Cut Target

In the above table, it is explained that a distributor salesman goes to 5 outlets in a day and sells 4 products. Number of lines sold by him or her in outlet A is 2, whereas in outlet B is 4. Total lines cut are 11.

Same product having different weights considered different lines. e.g., Parle G 100 gm and Parle G 200 gm are two different lines as they are two different SKU or stock-keeping units.

HOW TO CALCULATE PRODUCTIVITY?

In the above example out of 5 outlets the orders are received from 4 outlets. Outlet D has not given any orders. Bills are cut in only 4 outlets, which means 80 % outlets have given order. Productivity is 80 % ($4 / 5 \times 100$)

Productivity is also decided on the basis of product lines. In the above example, 80% of calls are productive of one salesman, but this can be achieved only by selling one product line. Therefore, it is necessary to know how many product lines are cut per outlet. It is also known as LPPC

Line per productive call = number of lines cut or number of productive calls.

In the above example lines cut = 11

Number of productive calls = 4

$$\begin{aligned} \text{LPPC} &= 11/4 \\ &= 2.75 \end{aligned}$$

This also means that the salesman has sold average 2.75 SKU's per outlet.

Total bill value – Sum of all the bills generated or cut for the day which is also total business value for the day.

MEASURES TO ACHIEVE THE TARGETS

In order to achieve the target, various measures should be taken by a distributor salesman (fig.4.4).

- He or she should check the stock position of each SKU at the distributor Point every day. So that the SKUs which are out of stock can be replenished immediately. This not only helps in selling but also it helps the company in branding, promotion, etc.
- He or she should estimate the sale outlet wise in his beat and also optimise order as per the stock available. This means if in any particular outlet the monthly sale of good day biscuits are 2000 packets then he should arrange that much stock for that outlet. This depends on sales trends
- He or she should inform his supervisor about stock-out SKUs and discuss the corrective action plan.
- He or she should check the SKU shelf-wise in all outlets. If the SKUs are not selling, they should be reported to the supervisors for corrective action. Also, he/she should check the reserve stock in the outlet.
- He or she should check the stock brand-wise e.g. If a company manufactures 3 soaps A., B, and C. He or she should have the stock in all the three brands. A, B and C.



Fig. 4.4: Achieving Target

Source: <https://bit.ly/3WduVdM>

MARKET PLANNER AND OUTLET WISE PLAN FOR SALE

Market is the particular area in which the distributor distributes the products to the retail or whole sale outlets.

To ensure the targets are achieved market study is carried out and a plan is made. Good market planning ensures the achievement of targets and productivity of salesman. Every sales distributor has a market planner. This market planner is prepared by Area sales manager and given to the salesman before he/she visited to the market.

How to Make a Market Planner

This can be explained well by an example. Suppose there are 100 outlets in one city. The city is first divided into 4 or 5 zones. North, south, East and West are 4 zones in one city. Each zone is handled by an area sales manager. Number of salesmen depends on the size of the area and number.

The area sales manager who is handling the North zone will first calculate the number of outlets in his zone or area. Suppose there are 300 outlets, and he has 5 salesmen in his area. These outlets are divided between 5 salesmen. Area sales manager has a complete analysis of the sale of these outlets. Various factors are considered while making a market plan. The information about the fast-selling products and products which are not in demand is also taken into consideration. The past records of sales, targets and achievements of these outlets help make market planner outlet in that area.

OUTLET WISE PLAN AND TARGETS

Outlet wise plans are also made preceding the visit to the outlets by a salesman. The main reason behind this planning is to increase sales, to track the outlets where the products can be placed, to focus on specific categories outlet wise, which product SKU's should be focused outlet wise, etc.

Example – Suppose a distribution company which sells Monty chips, has 50 outlets in one route selling FMCG products. Out of which 10 products do not sell food items, they sell cosmetics only. Out of 40, in 32 outlets Monty chips are available and in 8 some different brand is present. Out of 32, 20 are directly receiving from distributors whereas 12 are buying through wholesalers, Out of 12, 8 are buying every month these chips.

Outlet universe – 50 (FMCG products are available)

Category outlets – 40 (where they sell chips.)

Company outlets – 32 (Monty chips are present)

Direct coverage – 20 (buying directly from distribution company)

Indirect coverage – 12 (buying from wholesalers)

Effective coverage – 8 (Buying regularly every month)

Based on this data constant efforts are made to minimise this gap. E.g. 12 outlets are buying chips from wholesalers. Distributor salesman will try to convince the outlets which are not buying from him. Or he will try to sell those 8 outlets where his brand is not kept by giving good customer service, product availability, good offer schemes, etc.

Activities

Activity 1: Compare target with achievements of retail outlet.

Materials Required: Notebook, pen, pencil, paper, calculator.

Procedure:

1. Form a group of 5 students.
2. Material required – Pen, Paper, calculator.
3. Visit a Large store in your area.
4. Find out a number of distributor salesman working.
5. Ask each of them what are the types of targets they are given.
6. Make a chart of bills cut target per salesman.
7. Calculate productivity.

Activity 2: Group discussion on market planners

Materials Required: Notebook, pen, pencil, paper, calculator.

Procedure:

1. Make a group of 5 students.
2. Consider the area where there are 100 outlets.
3. Prepare a market planner.
 - a) Prepare a plan on targeting
 - b) Sale plan
 - c) Retail outlet planning
4. Make outlet wise plan.
5. Prepare a list of various factors that are considered.
6. List down the factors that are considered.
7. Start a group discussion.
8. Allow 5 minutes for each student to introduce the topic.
9. Initiate group discussion without interruption and the teacher evaluates and monitors the performance.

Check Your Progress

A. Fill in the Blanks

- The bills cut target is _____ when the total bills cut are 820 and the productivity norm is 65%.
- Lines per productive call = number of lines cut divided by _____.
- The _____ is taken if the targets are not met.
- Regularly buying outlets are also known as _____ outlets.

B. State whether the following statements are True or False

- Buying from retailers is an example of direct coverage.
- Market planner is prepared by the distributor salesman.
- Frequency of visits is often predefined.
- Beats are the same as routes.

C. Match the Columns

	Column A		Column B
1	Market planner	A	Productivity norm
2	Bill cut Target	B	Lux 125 g
3	Frequency	C	Area sales manager
4	Product line	D	Pre-defined

D. Short Answer Questions

- What is the meaning of target and achievement?
- What do you mean by outlet-wise plan?
- How to calculate productivity?
- What are the procedures used to reach outlet wise plan and targets?

E. Long Answer Questions

- How the number of salesmen is calculated in the area?
- What are the ways to achieve the target?
- What are the methods used to set daily bill cut target?

F. Check Your Performance

- Make a chart of lines cut in five outlets in your area for any 3 products.
- Presentation on outline-wise target.
- Demonstrate how will find out target measurement.

Session 3: Category Wise Billing as per Plan

We have seen earlier what the different productivity targets are and how they are set. For a distribution company, it is necessary to reach each and every outlet in its area. The targets are set per outlet and also per category.

Example, a distribution company XYZ Enterprise which distributes FMCG products, has given the following monthly target to one salesman.

Outlet wise target is 3 lakhs and category wise target per outlet is 60 thousand, which means he/ she should be able to make total billing of 3 lakhs per outlet in a month for the company products and each category should be billed minimum of 60 thousand.

TYPES OF CATEGORIES

Categories are groups of products that meet similar needs. The department contains a group of categories. The store contains many such departments. The category should be defined such that it reflects the needs of the consumers, not merely the form of the product. The categories are divided further into subcategories.

In the staple category, there are categories like rice, pulses, dry fruits, edible oil, etc. Edible oil category can further be divided into groundnut oil, sunflower oil, etc. subcategories are also known as segments. Shampoo, hair colour, conditioner are segments in the category of hair care, whereas anti-dandruff shampoo is a segment of shampoo.

Consumer needs can be defined broadly such as “hair care”. A greater need is met by a super-category (e.g., hair care category), which is a group of connected categories (e.g. conditioner, shampoo, hair colour). Categories include sub-categories or segments (e.g., anti-dandruff shampoos).

Types of various categories in the food department are shown in Fig. 4.5.

Category wise Target Plan: To focus on category wise sales and pushing category wise products to the outlets is the main objective of this target.

To distribute the right product at the right place, it is necessary to know the category or the subcategory for the distributor salesman so that he can display the products as per the correct category or subcategory in the outlet. He should know how many brands fall in each category and what are the schemes or offers, discounts per each category the targets. Also, how to place his brand in the retail outlet and what are the competitor brands for his company. All these things help the distributor salesman to achieve his targets.

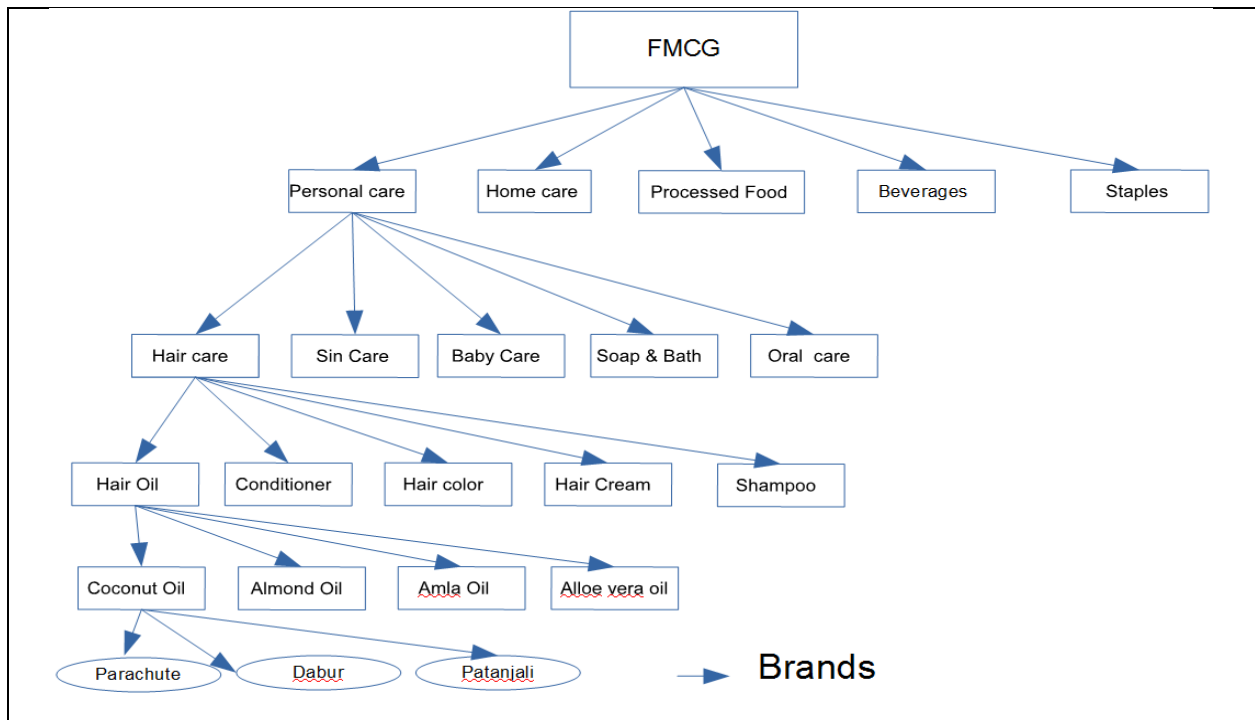


Fig. 4.5: FMCG Categories

What is the share each category occupies in the industry is also important for planning the category-wise targets? This is known as the market share of the category.

Example – Let us take the FMCG industry.

There are five categories in this industry. Personal care, home care, Food and Beverages, Cigarettes and Alcohol, OTC- Over the counter – The products which we get without a prescription. Out of which Food and Beverages occupy the maximum share, around 48 -49 % in this industry, which means products in this category sell the most.

TYPES OF RETAIL OUTLETS

In the traditional trade, the types of outlets are which are divided as per the category are as shown (fig. 4.6). Depending on the variety of the outlet, the plan for maximum sale is made and executed.

Grocery shops are big and sell loose as well as packed products. People do their bulk purchasing or monthly purchasing from these shops. The bigger packets in bulk quantities can be sold in these outlets easily, where in general store we get packed and weighed products. Also, in general stores, we get branded products. The distributor should keep all the product range in such store. In Kirana shops, we find smaller packs. So, it is planned to keep smaller packs of products. In eatery only food items are targeted, that too ready to eat like chips or ice creams are easily saleable. Impulse products can also be kept here. In cosmetics stores, personal care, cosmetics, or hair care are targeted.

In chemist, few health care products like chyawanprash personal care products like Face wash are planned. In pan shops, small biscuit packs, cold drinks, and other impulse products like chocolates, etc. are planned. Wholesalers are targeted with fast-moving products in large quantities. E.g., oil, cold drinks, etc.



Fig. 4.6: Traditional Trade

Modern Trade: In Modern Trade the types of outlets are in an organized retail, which is divided as per the category (fig. 4.7). In modern trade, the biggest format is hypermarket where all product range is available. Large stores are smaller as compared to Hypermarket but in these stores also the full assortment of products is available. People do their monthly shopping, buy in bulk quantities to avail various discount schemes. The distributor plan for such outlets is to supply all assortments in large as well as smaller packs. Convenience stores keep majority of product range, mainly in medium or small packs. Cash n Carry are wholesale stores which sell to registered customers only. Bulk quantities are pushed in such stores. Stand-alone are the stores which do not have branches. Like a big shop in any locality. All the shops in modern trade are self-service shops. Distributor plans to push a maximum range of products in modern trade outlets.

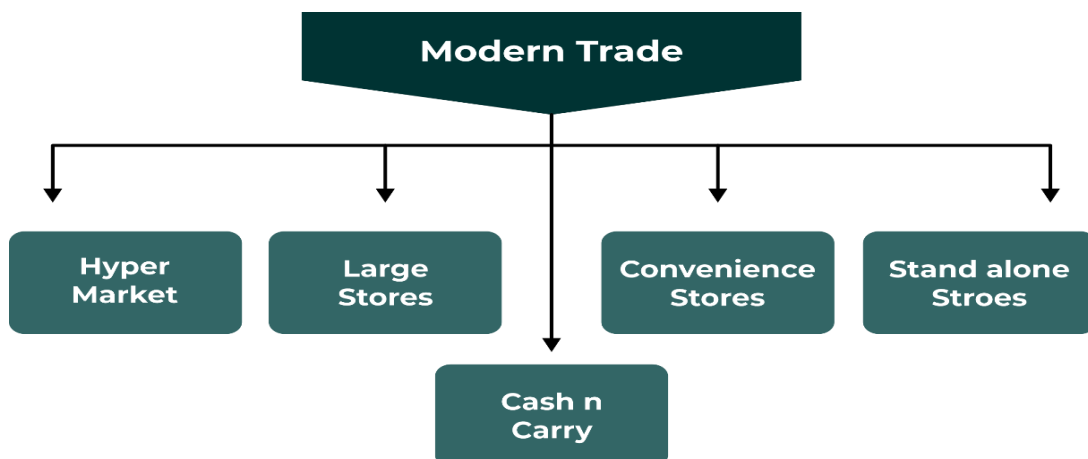


Fig. 4.7: Modern Trade

To distribute products in the given area by the distributor the number of outlets in that area is calculated.

Before a distributor starts the business of distribution in the new or existing market, he will have to find new outlets where he can supply or distribute the goods. One way is to start a business with any new outlet in the market. The other, more systematic way is to approach the market in a much-planned manner. This process is called the Retail Mapping Process (fig. 4.8).

There are three steps in this process.

1. Pre data collection
2. Data collection
3. Post data collection

Pre-Data Collection: This is planning before the data is collected by the distributor.

1. Geography of the area - To know the geographical area and boundaries of the area. The distributor should know from where his area starts and where his area ends clearly.
2. Population in the area - He/she should know the how many people live in the area. This is calculated from the census data.
3. Number of outlets - To know the number of outlets can be opened in the area. This is calculated as per dealer per lac calculation.

Data Collection: Actual data is collected by going to the market and visiting each outlet.

1. Visit each outlet in the area
2. Collect information from each outlet like name of the outlet, address, phone number, products, competition, sale of the outlet, etc. in the specified format.

Post Data Collection- After the data is collected plot the outlets on the map physically. This will help to know the exact location of the shop and plan the route where to go first and where to go last on the route.

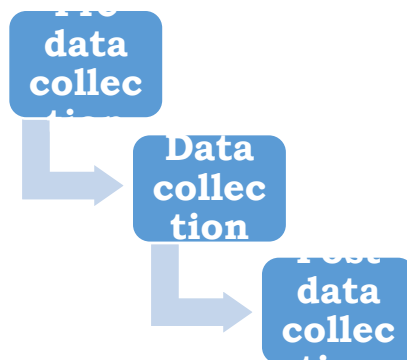


Fig. 4.8: Retail Mapping Process

Activities

Activity 1: Visit a retail outlet and identify how their category and outlet-wise billing targets are met.

Materials Required: Notebook, pen, pencil, paper, calculator

Procedure:

1. Form a group of 5 students.
2. Visit a kirana store in your area.
3. Find out the monthly target of the store for each category.
4. Find out sales achieved for each category in a month.
5. Make a chart of target vs achievement for each category.
6. Calculate which category is doing best and which one is doing least.
7. Submit to the teacher.

Activity 2: Case study –Make a Beat Plan.

Materials Required: Notebook, pen, pencil, paper, calculator

Procedure:

1. Make a group of 4 students.
2. Visit 3-4 retail stores per students and collect data – name of the store, name of the owner, address, supplier, products, competitor, total sale, etc.
3. Calculate number of beats.
4. Discuss within the group beat plan.
5. Make a chart student wise.
6. Write down the name of all four students on the assignment.
7. Submit the case study to the teacher.

Check Your Progress

A. Fill in the Blanks

1. OTC stands for _____.
2. Plotting the outlets on the ____ is part of retail mapping.
3. Population in the area is based on _____ data.
4. Weighing scale is found in _____ stores.
5. _____ Stores also sell loose grains.

B. Multiple Choice Questions

1. In Modern Trade the types of outlets are in an organized retail, which is

divided as per the _____

- a) trade
 - b) category
 - c) FMCG targets
 - d) None of the Above
2. _____ keep majority of product range, mainly in medium or small packs.
- a) Productivity norm
 - b) Convenience stores
 - c) Lines cut
 - d) None of the Above
3. One way is to start a business with any new outlet in the market. The other, more systematic way is to approach the market in a much-planned manner is
- a) Bills cut target
 - b) Retail mapping
 - c) Data collection
 - d) None of the Above
4. Steps of retail mapping process are
- a) Data collection-predata collection-post data collection
 - b) Predata collection-data collection-post data collection
 - c) Data collection-predata collection
 - d) None of the Above

C. State whether the following statements are True or False

- 1. Pan shop is part of modern trade.
- 2. Each outlet is visited by salesman after the geographical survey is done.
- 3. Home care is a category in FMCG.
- 4. HLL is a category in FMCG.

D. Match the Columns

	Column A		Column B
1	Chemist	A	Sub category
2	Dry fruits	B	Predata collection
3	Retail Mapping process	C	Modern Trade
4	Super market	D	OTC

E. Short Answer Questions

- 1. What is the Retail mapping process?
- 2. Define data collection.
- 3. What are the traditional retail stores in India?
- 4. What do you mean by category wise target plan?

F. Long Answer Questions

1. What are the different types of retail outlets in the traditional trade and modern trade?
2. What do you mean by a category? Explain by giving example.

G. Check Your Performance

1. Make a chart of classification of outlets in both Traditional trades in your area.
2. Develop flow charts of FMCG categories of Hindustan liver limited. Presentation on modern trade.

Session 4: Route Objectives

There are three main route objectives for a distributor salesperson (fig.4.9). First is to achieve billing targets. It is the number of bills is achieved as per the target of his route. Average bill value is maintained as per the productivity norm; unique outlets are billed as per the norm. Second is to ensure category-wise targets are met on the route and each category-wise sale per outlet is also achieved, also a Line-cut target is maintained. Sale of the number of SKUs per outlet or per day is also as per the norm. Fig. 4.9 shows the sale of 3 outlets in four categories. Third is to ensure outlet-wise B billing targets are met on the route – As per the productivity norm which is pre-defined, the number of outlets are billed in a day. In order to fulfil these objectives route plan is decided so that it saves time as well as the cost of the company and increase the productivity of the salesperson.

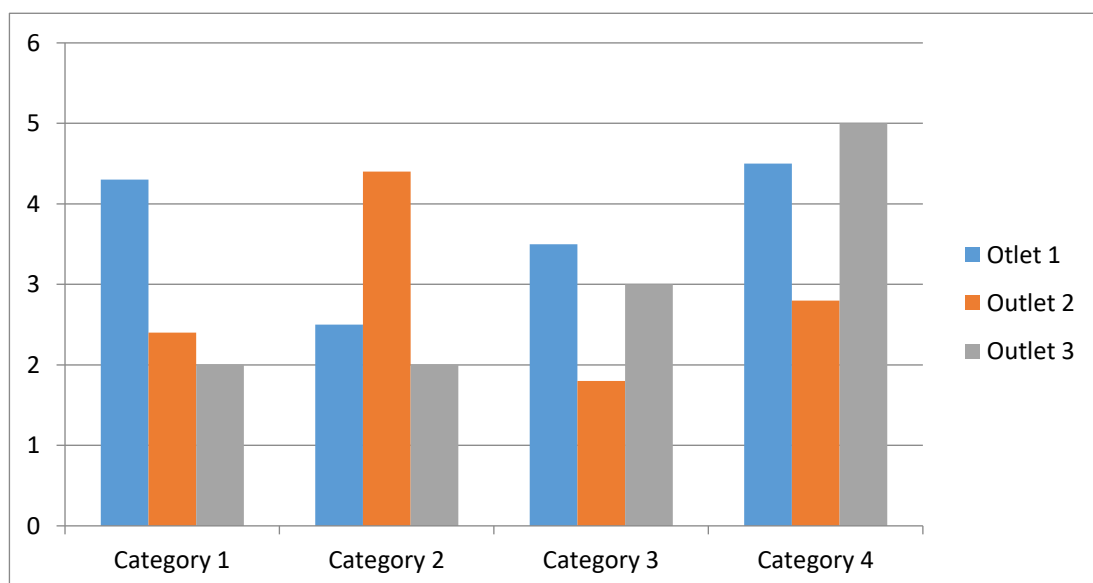


Fig. 4.9: Route Objectives

ROUTE PLAN

We have seen above that The Beat Plan is a day-level route plan made for field sales or marketing personnel to make visits to a number of stores at a pre-defined frequency. These visits can be made for the purpose of sales order collection, visual merchandising, etc.

Distributor salesperson has to cover all the target outlets in the route given to him or her in a day. He or she also has to note new the outlets in the beat and also keeps track of outlets which are closed.

Route or travel route is the way the salesperson will travel to all his or her outlets. The route plan is decided so that it saves time as well as the cost. The salesperson has to go or visit as per the route only. If there are 6 outlets in the route, they have to be covered in such a way that the time and money is saved. This also increases the productivity of the salesman. He or she should have an eye for detailing. He or she should note open and closed outlets as well while his or her visits.

Example – If Ashish is a distributor salesman or visual merchandiser for the West region in Pune for Nestle and he or she has 5 outlets for a day then he has to cover or reach to all the 5 outlets in a day. These are his target outlets.

After visiting each outlet, the strong and weak points are noted. He tries to find out what is the reason behind the products which are not selling, what corrective measures should be taken to rise the sale of such products. In this way, the entire route is covered by him.

A distributor salesperson should always keep the following things in order to complete his route objectives.

- **Targets-** The distributor salesperson should know what are his or her productivity parameters and targets (fig. 4.10). If the targets like bills cut, line cut, ABV, UOB are not clear then he or she will not be able to achieve them.

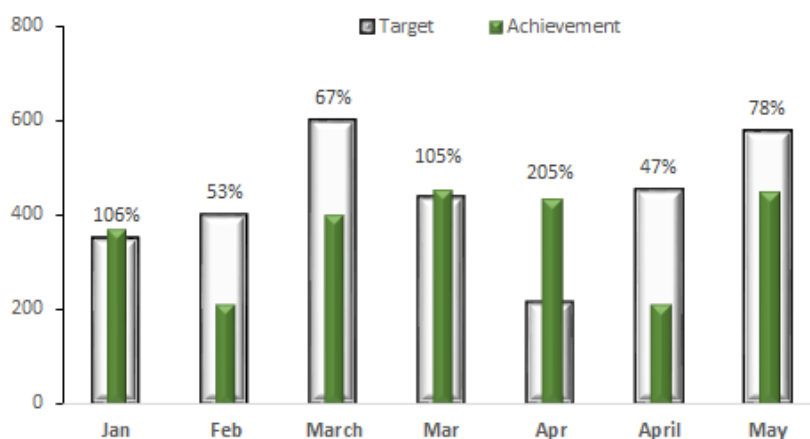


Fig. 4.10: Targets

The targets vs achievements are tracked to measure the productivity of the salesperson. The corrective action is taken in case the targets are not met.

- **Stock Availability:** He or she should know how much stock he or she has on hand, what are the products which are not in stock. If a certain product like Maggi noodles which is always in demand if gets stock out then the sale of that product line gets affected. In the same way, if some product is excess in stock then it has to get liquidated by giving offers like “buy one get one free”.
- **Availability Norms of the Company-** He/ or should know what are the guidelines for stock availability of any product. When the salesman goes to the outlet and there is a extra demand of a certain SKU then he/ or she should know when can that product be supplied.
- **Benchmarking from Competitors-** He/she should keep knowledge what is the competitor’s prices of similar categories. This information should be provided to his/her superiors so that the corrective actions are taken by them. Suppose the competitor is giving the same product at a lesser price then the company might think about a strategy of giving some free SKU or even reducing the price in order to match the competitor.
- **Launching Plan of the Product-** If the company is planning to introduce a new product, he/she should have the information regarding the same. This information is useful for the salesman as he/she can inform about this new product to all the outlets of his/her area, can create curiosity among the customers, give information about the benefits of the new products.
- **Route Knowledge-** He or she should have knowledge of the location of each outlet of his/her route so as to decide which outlet to visit in the beginning and which in the end, so that he or she can save time and money.
- **Outlet Wise Knowledge-** He or she should know the details of each outlet on his route like monthly sale of the outlet, an average bill value, monthly achievement, Footfall, opening time, the closing time of the outlet, stock position of his/her products in the shelf, in the back of the house.
- **Classification of Outlets by Type and Profile-** He or she should be able to classify the stores profile wise like some stores or outlets have the capacity to more sale, some have less. Some outlets give orders of 1 CR per month, they are classified as A-type. The benefits or schemes to such outlets would be different than other outlets.

- **Stock Replenishment Cycle of the Company-** It is also necessary to know the company's cycle of replenishment. If the company replenishes the stock once in a month and if the stock gets sold in 15 days for a particular outlet, then more stock should be kept at the outlet.
- **Understanding Company's guideline for stock out-** In case of stock out position how to manage and what are the actions to be taken.
- **Analytical Skills-** He/she should be able to comprehend all the targets clearly, understand productivity calculation, should be able to analyse the sale, and set effective objectives. Target should be achievable. For example, If the sale of one outlet is 50 lacs per month and the target is 1 Cr it cannot be achieved.
- **Planning-** He/she should break the targets in smaller goals so as to achieve them. For example, he has 40 outlets; it is not likely to visit all 40 in one day.
- **Maintaining Route-** He/she should plan a route in such a way that all outlets are covered in minimum cost and time. The salesman should note the new outlets in his or her route where he or she can push the products. Also, it is necessary to know the closed outlets. One should have an eye for detailing. If any outlet is closed, then the salesman should find the reason behind it. The outlet can get closed due to various reasons like location, or incompetent staff, etc.
- **Stock Count-** He/she should count the stock and also take the order from the dealer when he or she visits efficiently.
- **Sale Forecasting-** Salesman should be able to estimate which products can sell per outlet per category and in how much quantity in his/her route.

Activities

Activity 1: Visit a retail outlet and identify that category-wise or outlet-wise billing targets are met on the route.

Materials Required: Notebook, pen, pencil, paper, calculator

Procedure:

1. Form a group of 6 students.
2. Make 3 routes in your area.
3. Distribute 2 students per each route.
4. Visit 3 outlets on each route.

5. Find out the monthly target of all the 9 outlets for each category.
6. Find out sales achieved for each category in a month per outlet.
7. Collect all data for all 9 outlets.
8. Make a chart of target vs achievement for each category per outlet.
9. Submit to the teacher.

Activity 2: Case study on improve the sales

Material Required: Notebook, paper, Pen

Case Study

1. Form a group of 6 students.
2. Visit a nearby cosmetic store.
3. Discuss the measures to be taken to achieve the store target.
4. Note down the corrective actions to be taken to improve the sale.
5. Make a detailed analysis.

Submit your case study to the teacher.

Check Your Progress

A. Fill in the Blanks

1. _____ is the way the salesperson will travel to visit all the outlets in a day.
2. The salesperson should note all _____ on his route.
3. In the case of _____ stock, the company can decide to give offers on the SKU.
4. Route plan is made in such a way that it saves _____ & _____.

B. Multiple Choice Questions

1. The person should be able to comprehend all the targets clearly, understand productivity calculation, should be able to analyse the sale, and set effective objectives is _____.
 - a) analytical skills
 - b) planning
 - c) maintaining route
 - d) None of the Above
2. The person should count the stock and also take the order from the dealer when he or she visits efficiently is _____.
 - a) sales forecast
 - b) stock count
 - c) maintain route
 - d) None of the Above
3. _____ is the way the salesperson will travel to all his or her outlets.

- a) Travel route
 - b) Route
 - c) Data collection
 - d) None of the Above
4. Salesman should be able to estimate which products can sell per outlet per category and in how much quantity in his or her route is _____.
- a) sales forecast
 - b) route
 - c) plan
 - d) None of the Above

C. State whether the following statements are True or False

1. Distributor salesperson should keep knowledge of targets and achievements of the outlets in his beat.
2. Benchmarking is helpful in achieving the targets.
3. Category-wise target in a day is the possible number of categories that can be sold in a day by a salesperson.
4. Billing target is the number of bills is achieved as per the target of his route.
5. The distributor should not plan a route in such a way that all outlets are covered in minimum cost and time.

D. Short Answer Questions

1. What is the main aim of the route plan?
2. What is a route plan?
3. State any three things the salesperson should know to ensure the targets are met on the route.

E. Long Answer Questions

1. How does stock planning help to ensure the targets?
2. What kind of analytical skills are required under stack planning?

F. Check Your Performance

1. Demonstrate route objectives which will guide the stock plan.
2. Develop a route plan.
3. Prepare a chart on product launch.

Module 5**Launching of Products****Module Overview**

A retail sales establishment which involves in retail activities and has a sales area is called a retail outlet. There are many varieties of retail outlets that are categorised into new and closed outlets.

This unit deals with the launching of products. A new product launch needs to follow steps from concept, design to marketing and branding and ultimately sell it. Following a creative strategy is the mantra of successful sales success. To achieve sales targets retail stores, perform a crucial role. Distributors are considering various aspects while deciding targets for the retail outlets. To increase sales, they are allowing the retail outlet to have an attractive display of the products. Inventory management is the most vital function of the retail industry. From manufacturers to retailers all are performing the role to manage their inventory.

Inventory control is necessary for the production, purchasing, and sales of the product. Overstocking and understocking create the problem for the business. Therefore, for the proper functioning of the business, there is a need for proper inventory management. Retailers are always kept in contact with the distributors to manage their inventory. And according to the market demand of the products distributors increase and decrease their inventory and maintain the optimum stock.

This unit explains the launching of products and how to deal with them. The first session named 'new and closed outlets' described many types of retail outlets. The second session deals with the 'New product launch' that describes the new product launch as per the availability norms. The third session focused 'outlet wise targets' explained how to achieve targets. Session four is explains named 'process of stock availability which deals process of checking stock availability in retail outlet.

Learning Outcomes

After completing this module, you will be able to:

- Explain new outlets/closed outlets

- Demonstrate new launch products
- Describes Outlet wise targets
- Describe process of checking stock availability at the distributor point

Module Structure

Session 1: New and Closed Outlets

Session 2: Launching of New Product

Session 3: Outlet Wise Targets

Session 4: Process of Checking Stock Availability

Session 1: New and Closed Outlets

When the marketing era began, companies started realising that they could attract customers with differentiated offers. One such industry where differentiation was bought at the store level was retail. Retailing was rising in the 80s and 90s and it is again rising in today's underdeveloped and developing nations. There is the rise of e-commerce in today's market. Retailing has enormous expenses associated with it. The margin and turnover are too high in the retailing sector.

Based on competition and manufacturers' abilities, there are varieties of retail stores present in the market. Each of these retail outlets is diverse based on the products they propose and the way they are offered. Therefore, it is vital to understand various kinds of retail stores. Let us have a look.

TYPES OF RETAIL OUTLETS

There are various types of retail stores are explained here which are as under:

Speciality Store: A specialty store emphasizes on one or two specific categories (fig. 5.1). It has a very narrow product line. However, the benefit of this type of store is that customers find various types of things in this store. Which they do not find in the open market. Example of Specialty store.

There are two examples of retail stores which can be focused as specialty stores. The first example includes stores which are specialised in body building or sports. Such businesses will stock a wide range of fitness equipment, including items that aren't readily available on the open market.



Fig. 5.1: Specialty Store

Thus, if shopkeeper had to purchase fitness equipment, you would perhaps visit the specialty store.

Another example embraces the technical stores which are specialized in nature. If the customer had to buy a water purifier (AQUA GUARD)-Sales & Service, it is highly recommended that the customer will go to an “expert” store which only sells water purifiers and all different kinds of spare parts related to water purifiers. Thus, because of their nature of being specialized, these stores are also considered as specialty stores (fig.5.2).



Fig. 5.2: Specialty Store

- 1. Department Store:** Department stores are generally located within malls and they may not have their independent stores (fig. 5.3). Department stores have various types of products under their roof. They will sell men’s clothing and women’s accessories, home furnishings, children’s toys, and various things.



Fig. 5.3: Departmental Store



Fig. 5.4: Pantaloon

They commonly have different sections for separate categories. Though, the number of categories is not exhaustive. These stores might not deal in as various categories as Supermarkets or hypermarkets. They are not selling FMCG goods like soap or shampoo. If they sell these goods, they will have very limited categories of these items. These products can be “mid to high

level” kind of products, for example, watches or clothing (fig. 5.4).

Examples of Department stores are Macy’s, Pantaloons, Shoppers Stop, etc.

- 2. Super Markets:** Super markets are called to be vast marketplaces with a wide variety of categories available. The Maximum number of these classes deal in the residential market segment by trading in a lot of food varieties, required and useful products, laundry, groceries, bakery products, etc. These types of supermarkets focus on FMCG products.

There are various types of customers in the supermarket. The product assortment is displayed in the supermarket and it is a specialty of supermarkets in such a way that customers get attracted to them and in this way, they sell faster.

Generally, there is also a preference for supermarkets because people have various alternatives for the same product. In this way find diverse varieties of soaps and shampoos at the local supermarket which customers won’t find in their local convenience retail store.

Supermarkets are becoming smarter and providing price incentives to customers. Some of the examples of supermarkets includes Big Bazaar (fig. 5.5), whole foods market (fig. 5.6) etc.



Fig. 5.5: Supermarkets – Big Bazaar



Fig. 5.6: Supermarket – Whole Foods Market

Source: <https://bit.ly/42PJnvk>

3. Convenience Stores: A store in the locality that offers the most basic materials to the customers in a timely way and which is accessible to them for all basic needs and requirements is a convenience store (fig. 5.7). These stores are small and it does not have too much depth in their product line. These retail stores have 2-3 varieties of each product. The volume of these products will be smaller. These stores are seen anywhere and in almost all countries.

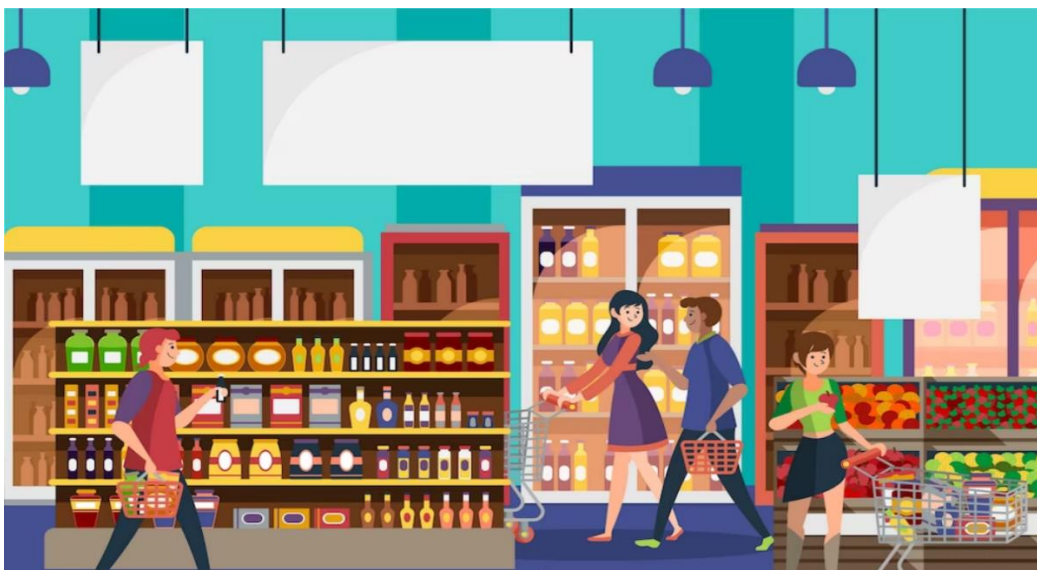


Fig. 5.7: Convenience Store

Most convenience stores offer low-level goods. These goods are not even in the mid-range. The benefit of a convenience store is that goods can be purchased easily or conveniently. It is available near at home locality. If someone forgot to bring bread, milk, or biscuit, etc., they do not need to go mall again they can purchase from a convenience store available near their home.

- 4. Drug Stores:** Drug stores are those which sell medicines and are specialised in them (fig. 5.8). It can be a form of the specialised store itself. Medicines are purchased by a large number of population and it is required to the customers in day-to-day life.



Fig. 5.8: Drug Store

But drug stores also sell various other things with the pharmaceuticals. These stores sell various things with the drugs like health and beauty products, small medical equipment's, protein supplements, personal care, and other healthcare products.

- 5. Discount Stores:** Walmart uses the tagline 'best price' to make an impact on the customers. There can be two groups of Walmart retail stores i.e. supermarkets or discount stores. Walmart is designed to attract and provide discounts to the customers therefore it is more appropriate to place Walmart as a discount store. Discount stores attract customers and provide a good discount to them (fig. 5.9). They buy products in large quantities and also establish many supermarkets and hypermarkets so that they can offer discounts to the customers.



Fig. 5.9: Discount Store

There are three main features of the retail stores

- The low selling price of products: This feature is possibly the lowest in the market
- Low Margins: It is a low margin for the products hence low bottom line.
- The high volume of sales: It is possible by offering products even in negative margins.
- Various E-commerce companies offer a very high volume of sales.

6. Factory Outlets: A factory shop is a brick-and-mortar or online store in which producers sell their stock to the customers in a direct manner (fig. 5.10, 5.11, 5.12).



Fig. 5.10: Raymond Factory Outlet



Fig. 5.11: Woodland Factory Outlet



Fig. 5.12: HP World Factory Outlet

7. Used goods or Resale stores- Another market that is booming right now is the used goods store.



Fig. 5.13: True Value Re-sale Store

The market of used goods or resales is so big that even brands like MARUTI (TRUE VALUE SHOPS) or others are now offering support and ratings for the sale of used goods so that consumers are happy even with the used products (fig. 5.13).

The benefits of these stores are that customers get the products in a very less amount. The disadvantage is that the stock does not last long, forcing customers to make do with what they have. These items may have minor flaws.

- 8. Superstores or Hyper Market:** Superstore's or hyper market are stores that are massive in size and have various diverse categories under their belt (fig. 5.14, 5.15, 5.16). Superstores having every product under one roof. These retail stores are not accessible in malls.



Fig. 5.14: SM Hypermarket



Fig. 5.15: Reliance Mart Hypermarket



Fig. 5.16: D-Mart Hypermarket

9. E-commerce Stores: Without a doubt, E-commerce is the forthcoming of retail. Amazon has a massive market share of retail and has a top positioning in the customer's mind. If the customer doesn't receive a

product offline, they will get it in the online mode and there is also the choice to import the product from the other country (fig. 5.17, 5.18, 5.19). This decreases the cost of distribution of products and rises the growth of products offered to the end customers.



Fig. 5.17: Amazon E-commerce Store



Fig. 5.18: Alibaba E Commerce Store

There are also other small E-commerce stores popping up as well. Specialised retailers or even convenience goods salespeople introducing his or her websites and sell directly through them which is a type of e-retailing. In the future most of the retail stores will have their online stores and, in this way, they sell products directly to the end customers. For example, Zara outfit is available online then why customers visit the retail store. They can purchase it from its online store.



Fig. 5.19: Zara Online Shop

The ten types of retail stores are described above. The future of retail stores will be offline and online. Walmart is one of the large retail stores that has its E-commerce store. It has a huge turnover by selling products online. Walmart has an offline presence that attracts customers and they can visit a store if they have any problems or queries. This builds the confidence of the customers to make the purchase decision.

The retail sector is one of the competitive sectors. In this segment cost is high and margins are low. They cover up the disadvantage by selling huge products and increases sales turnover.

CLOSED OUTLETS

Most people believe that to attain success, it is important to study the works of successful people and successful organisations. To achieve a long-term goal, it is necessary to take corrective actions for the failure is called closed outlets (fig. 5.20). Various businesses start and work. This happens across businesses in every industry and the reasons for businesses failing must always be studied.



Fig. 5.20: Closed outlets

When a person planning to start a retail store then they should look towards the reasons for its failures. By this, they can focus on the weak point and prevent the business from ending.

Reasons for retail businesses failure.

1. *Lack of adequate capital*
2. *Disasters occurring over a period.*
3. *Underestimating costs of overheads*
4. *Negligence of business activities*
5. *Poor sales figures*
6. *Overexpansion of stores*
7. *Management problems*
8. *Economic conditions of the retail stores*
9. *Fraud by internal member in store*
10. *Customer problems*

Activities

Activity 1: Field visit to learn types of outlets and their respective trade channel

Material required: pen, notebook

Procedure:

1. Form a group of five to six student in each group.
2. Tell them to visit 4-5 retail outlets nearby their school.
3. Meet the outlet manager and greet him/her politely.

4. Tell him the purpose of the visit and take consent for the visit.
5. Ask the retail store staff the following questions.
 - a. How do you receive products from the distributor?
 - b. What is the involvement of the trade channels?
6. Write down the answers in your notebook.
7. Ask in detail so that you can explain it in your notebook.
8. Prepare a report in which explain the trade channels of 4-5 retail outlets.
9. Submit the report to the teacher.

Activity 2: Visit a nearby retail store and observe how the retail outlet attracts customers

Material required: Pen/pencil, notebook, checklist

Procedure:

1. Form a group of five to six students.
2. Tell them to visit a retail outlet.
3. Meet the outlet manager and greet him or her politely.
4. Tell him or her the purpose of the visit and take consent for the visit.
5. Ask the retail store staff the following questions.
 - a. In what way do you attract customers to visit a retail outlet.
 - b. How you design visual merchandising in your retail outlet.
 - c. In what way do distributors help you to sell products.
6. Give some suggestions to make an attractive retail outlet.

Check Your Progress

A. Fill in the Blanks

1. A _____ store which focuses on one or two specific categories.
2. Stores are generally located within malls and they may not have their own independent stores are known as _____.
3. A store which provides the most basic material in a timely manner in the locality/residence area and available easily for satisfying all basic needs is a _____.
4. _____ stores are the ones which sell medicines and are specialised in it.
5. _____ is the future of retail.

B. Multiple Choice Questions

1. The main features discount type stores having _____.

- a) low selling price
 b) low margins
 c) high margin
 d) A and B
2. Which of the following diminishes the cost of distribution of products and increases the total number of products accessible to the end customers?
- a) E-commerce
 b) Departmental stores
 c) Discount stores
 d) Factory outlet
3. _____ is necessary for purchasing, production and sales of the product.
- a) Inventory control
 b) Understocking
 c) Overstocking
 d) None of the above
4. Big Bazar is the example of _____.
- a) discount stores
 b) online
 c) supermarkets
 d) drug stores
5. A retail business fails due to _____.
- a) lack of proper capital
 b) disasters
 c) negligence
 d) All of the above

C. State whether the following statements are True or False

1. Superstores are retail stores that are huge and have many different categories under their belt.
2. Department stores have various types of products under their roof.
3. Discount stores sell all products at a good discount.
4. Amazon has a vast market share of retail stores and has a top positioning in the customer's mind.
5. Discount stores are the stores that sell all products at a discount rate which attracts the customers.

D. Short Answers Questions

1. What do you mean by discount stores?
2. What do you mean by closed outlets?
3. Define specialty stores.
4. Give examples of supermarkets.

E. Long Answers Questions

1. Discuss E-commerce stores and their features.
2. Identify the reasons for retail businesses failure? Explain.

F. Check Your Performance

1. Prepare a list of problems of retail outlets?
2. Draw a chart on different variety of retail outlets and their features.
3. Collect pictures of closed outlets and paste on a chart for display.
Demonstrate how customers' complaints are lodged and resolved with suitable solutions.

Session 2: Launching of New Products

A successful new product launch requires understanding the concept and design of the product (fig.5.21). It is also vital to understand branding and marketing for business development and sales and finally to generate revenue. Here's how to get your "next best thing" into stores.



Fig. 5.21: New Product

Source: <https://bit.ly/3zmrYNK>

Creative strategy is important to a product launching of a product but also for successful sales.

Branding, Design, and Creative Strategy

Creative strategy is very vital to sales success. New customers develop a perception of the products and name and how it appears. The first impression

of the product includes logo, packaging, marketing collateral, the product itself, advertisement, websites, signages, and how words and visuals are used in it.

Colors and fonts can evoke diverse thoughts and emotions in consumers. Blue symbolizes trust; red shows boldness; white represents freshness and purity. Scrolling fonts send the message of sophistication; angular ones arouse formality.

Various factors contribute to the perception of the product. So, it is required to work with a graphic designer who comprehends not only the visual significance of marketing collateral but also the resulting outcome on consumer behavior at retail.

There should be one design team who is familiar with the public, brands and loyalty. They understand the perception of the public and therefore, they can develop designs accordingly.

Design to Sales

Sales strategy is formulated with innovative ideas. Similarly, design strategy should be followed with fresh and creative ideas.

Strategic Planning

1. Build a relationship with the buyers and initiate the personalized dialogues
2. The strategic planning meeting should be scheduled to present products and prepare materials for the product presentation.
3. For retailers to be approachable, customers need to respect them. They should not waste the precious time of the customers.
4. Identify personnel and study the corporate strategy.
5. Draft a list of important features of the product. Ask questions like “What’s in it for the retailer?”.
6. Everyone wants their creation related to the biggest names in shopping. Efforts should not be limited to only traditional retailers. The focus should be given to the audience's interest and identify what they like in the product and approach the product with the means of websites and identify specialty catalogs to cater to them. Distributors can use their networks and create the demand so it is necessary to approach them.
7. Prepare mentally that retail is continuously changing and be prepared for making the changes.
8. Partner with an expert who knows the ins and outs of Amazon: how to craft product pages that don’t get lost in the sea of sellers, and how to use Amazon advertising and other techniques to garner visibility and drive sales.
9. Think about sales whether it is short-term or long-term. To focus on the

short-term sales retailer should build an online presence, replicating on other dot-coms such as homedepot.com and Walmart.com, etc. Be flexible with the strategy so that if there is a need to change retailer can do it. To create a long-term presence, they should focus on the product and service features.

Products available on the store shelves are the first step which is the core of the business development. Retailers should engage in product launch services to generate sales. To promote sale level retailers should use sensible promotion mixes like advertising, public relations, and other marketing initiatives which induce consumers to buy and increase brand loyalty.

Advertising

Digital advertising is the way of the future and the present. Compare analytics (costs, click-through rates, audience, etc.), strategically aligning products with those that offer the best opportunities for positive ROI.

Public Relations

Every product, service, inventor, entrepreneur and has a story to tell. When this story disseminates to the public it increases sales. Public relation officer is a third-party authentication. Public relations promote sales by telling stories thus it indirectly attracts the customers and builds an image of it. It uses influencers to make an impact on the customers. Influencers can be any popular person like Amitabh Bacchan famous actor, cricket player Virat Kohli, etc.

- Different types of media appeal to diverse demographics. Various types of media tools are newspapers, magazines, television, radio, and blogs. Trade media is a challenger for businesses whose products are chiefly business-to-business (B2B). PR blows into current trends, holidays, or news stories such as gift guides. It shows expertise by safeguarding a company or worker profile in business media. Show national awards and competitions that identify excellence in different categories of business persons. Media hits and gives the chance to follow -up with the new buyers and it shares the excitement and validation of new achievements.

Trade Shows

Familiarise your products with a huge number of buyers at trade shows (fig. 5.22). Before the trade shows conduct a face-face meeting to give more attention to the public.



Fig. 5.22: Trade Shows

Source: <https://bit.ly/40udLdp>

BEAT PLANNING

An effective territory beat plan is one of the most important aspects of FMCG sales distribution and sales management in the meantime it breaks wastage of time and effort.

Design a Territory Management Plan

Territories should be defined clearly and there should be no overlap between the field executives. They are associated to focus on their outlets and produce business that is the final aim of the organisation. The framework of this should be smartly constructed so that business goals fit in with the resource capabilities to achieve targets. Sometimes sales representative falls short of achieving their targets due to ineffective territory design.

One of the key features of field assistants is to assist the redesign of the territory plan on the SFA (sales force automation) solution so that field executives can enhance their visits and cover larger territory at the same time.

Certain important steps need to consider through involvement with big and small FMCGs while designing a territory segmentation strategy.

1. **Segment your territory:** Organisations depend on the nature of the business, geography, customer profile, size, and product demands. Manufacturers supply products according to the requirements of the retailer. There is the use of sales technologies such as SFA and field representatives.
2. **The objective of Territory Planning:** Retail should incorporate the fundamental objectives of the organisation and execute the retail strategy to achieve the objectives. These objectives are explained at the primary levels and broken down to the outlet levels. The strategy aims to establish three significant goals for the sales force; provide the service to the current outlets, expand to the potential outlets, and beat the competition to acquire their outlets. Therefore, a territory mapping plan

must achieve these objectives to improve efforts and sales.

- 3. Route Planning:** After the territory planning is over, managers can allot time to all field visitors and develop an effective route map for the week that covers the entire list to be covered.
- 4. Delegate:** Managers must understand the unique capabilities of all field representatives and assign work and match the duties of the territories that are utmostly suitable to them. This comprises of the system with the retailers, personal strength, and previous retail experiences. After the development of a strong relationship in a particular territory, their path map must replicate the same.
- 5. Implement:** Managers should evaluate the plan with their team members. He or she maintained the missing elements in each territory. Field executives should have to follow the route plan and inform about the problems to the manager.

An organisation should have to provide clarity, focus on teams and efficiency levels from the field forces. They should optimise the travel and cost of the organisation. With the right implementation of a territory, plan organisations can see improvements in sales, employee productivity, and customer satisfaction.

Case study: Launching of Apple's iPhone

Apple formed a very strong marketing strategy for the iPhone and managed it very effectively. There are certain drawbacks of the iPhone but Apple was able to establish a unique product for the techno-savvy consumers who are interested in a combination of the smart phone-music player and make aware customers for their marketing efforts and strong publicity. The iPhone represents Apple's ability for creating excitement about products among its ferociously loyal customer base, who retain attention focused on the business and then validate the publicity by bringing a high-quality and desirable product.

All of these efforts boosted Apple's stock price considerably and further solidified Apple's image as a leader in consumer electronic gadgetry.

Activities

Activity 1: Field visit to learn the availability of new launch products.

Material required: Pen, notebook, paper

Procedure:

1. Form a group of five to six students in each group.
2. Tell them to visit a retail outlet.

3. Meet the outlet manager and greet him or her politely.
4. Tell the purpose of the visit and take consent for the visit.
5. Ask the retail store manager following questions:
 - a) How to launch new products in his/her retail outlet?
 - b) In what way do distributors help to increase the sale of new products.
6. Prepare a report and submit it to the teacher.

Activity 2: Design a media plan for advertising a new product launch.

Material required: Pen/pencil, notebook, drawing sheet, colors.

Procedure:

1. Form a group of five to six students.
2. Tell them to design a media plan for advertising new product launches.
3. Allow the students to discuss on procedures of new product launch.
4. Provide charts and colors to the students.
5. Ask them to design a media plan with step-by-step process.
6. Assist students and provide internet for searching the matter.
7. Ask the students to prepare a media plan for advertising a new product for 5 minutes.
8. Interaction after the media plan with other group members.
9. Teacher evaluate the plan.

Activity 3: Prepare a checklist for the new product launch

Material required: Pen, paper, notebook newspaper

Procedure

1. Form a group of 4 students.
2. Ask them to write the name of new products.
3. Students can take the help of newspaper advertisements.
4. Allow the students to discuss the process of a new product launch.
5. Ask them to prepare a checklist for the new product launch.
6. Submit the checklist to the teacher.

Check Your Progress

A. Fill in the Blanks

1. A _____ advertising is the way of the future and the present.
2. Trade media is a qualifier for businesses whose products are primarily _____.
3. _____ strategy is important to a product launch

and to achieve sales targets.

4. _____ colour denotes trust, red, boldness, white, fresh and pure.
5. _____ customers develop a perception of product simply by its name and how it appears.

B. Multiple Choice Questions

1. A successful novel product launch needs _____.
 - a) specific concepts and design
 - b) no planning
 - c) no branding and marketing
 - d) All of the above
2. Sales are in terms of _____.
 - a) short term
 - b) long-term
 - c) a and b
 - d) only a
3. _____ depending on their nature of business, segment retail stores either based on geography, customer profile, same product needs or size of the retailer.
 - a) Organisations
 - b) Consumer
 - c) Customer
 - d) None of the above
4. A good _____ execution strategy must incorporate the fundamental objectives of the organisation as part of the plan.
 - a) retail
 - b) person
 - c) SFA
 - d) None of the above
5. Retail business fail due to _____.
 - a) lack of proper capital
 - b) disasters
 - c) negligence
 - d) All of the above

C. State whether the following statements are True or False

1. Many companies, however, overspend on wasted advertising that doesn't generate results.
2. While producing the route map, managers must consider the sole

capabilities of each field representative and match them to the territories that are more suitable for them.

3. An effective territory beat plan is one of the most significant aspects of FMCG sales and distribution management since it stops wastage of time and effort.
4. Apple created a very strong overall marketing strategy for the iPhone and managed every aspect of the iPhone’s launch very effectively.
5. Colours and fonts cannot evoke different thoughts and emotions (good and bad) in consumers.

D. Match the Columns

S. N.	Column A		Column B
1	Route planning	A	It refers to many activities conducted by an organisation to promote and build the brand image in the eyes of the public.
2	Trade shows	B	Process of formulating and directing mission, vision, and values, as well as your long-term goals and the action strategies to achieve them
3	Advertising	C	An exhibition to demonstrate products and services
4	Public Relation	D	Marketing communication uses a non-personal message to promote or sell a product, service or idea.
5	Strategic planning	E	Create directions or routes for various locations in an efficient manner.

E. Short Answers Questions

1. Define advertising?
2. What do you understand by public relations?
3. Describe the importance of a new product launch.
4. Explain the importance of branding and marketing of new product launches.

F. Long Answers Questions

1. Explain strategic planning with examples?
2. Explain a case study in effective marketing?

G. Check Your Performance

1. Design a territory management plan.
2. Draw a chart on various types of promotional methods.
3. Identify the tools for promoting new products.

Demonstrate how distributors communicate various schemes to retailers.

Session 3: Outlet Wise Targets

The setting target for Retail stores is a crucial aspect of the Retail business. Various aspects are taken into consideration while setting a target for any particular retail outlet.

For example, in the city of Bhopal, there are many areas like Arera Colony, Hamedia Road BHEL campus, Hoshangabad Road, T.T Nagar, Old Bhopal etc.

Assuming all these areas have a retail outlet, the question is whether all these outlets have the same targets or different targets. The answer is all these outlets have different targets because they are located in different parts of the city catering to a different set of consumers. Now let us understand what are the factors that decide the target of a particular retail outlet. In this discussion term, 'Catchment Area' will be frequently used.

CATCHMENT AREA

The catchment is the defined area around a store or site that has a scope to make an impact to draw in customers. Catchment size will be reliant on the feature and nature of the business, the offering provided and accessibility from competitors in the local area. The detailed study of the catchment area is known as catchment analysis. All retailers, whether they are small or large should have to understand their catchment area and fundamental consumer demographics to line up their products and services offerings and improve targeting.

Catchment analysis and investigation offer significant information about who exists within the local catchment area, distance in terms of location, etc. This analysis will help in a better organisation to travel, to price, to decide the range of offerings, and promotions. Catchment analysis will thus assist in increasing sales.

For new businesses, it can confirm feasibility whereas, for current stores or ventures, it can highlight if the strategy requires to be redesigned with the target audience.

CATCHMENT MAPPING

The catchment area is the geographic part from which a sales outlet attracts its important customers, whether prospective or existing. Catchment area analysis is a crucial decision support tool for assessing and improving the distribution of your network of sales outlets.

CATCHMENT ANALYSIS FOR NEW STORE ACQUISITION

Catchment analysis is a vital part of finding whether it is feasible to start a new retail outlet in a specific location (fig. 5.23). It reflects the factors on which target groups are focusing to reach. It is valuable to spend time and resources on researching the chosen area to safeguard that the new store will become profitable and will attract the required number of customers once it open.

There are various shopping centres and consumers will be attracted to shopping in their local area. There are various reasons through which customers are influenced such as quality, accessibility, parking, number of other retail stores, shopping environment.

It is important to do a catchment analysis before opening a new brand or outlet. This analysis can be carried out to consider how other branches are working on their location. Those branches which are working well should understand the factors that contribute to their achievement such as consumer demographics workforce population, retail position, competition, square footage.



Fig. 5.23: Chatchment Analysis

It is essential to understand customers and motivate them to increase the business. For this alignment is required for marketing, promotion and pricing to uplift the sales. Gaining insight into the target audience is important for any type of business. Retailers should attract, engage and sell more effectively.

It is important to understand the types of consumers who are interested to purchase retailers' brands and assist in searching for a location where they can get the best opportunity. After relevant research, it is vital to decide whether it is feasible for the retailer to start a new store and the relevance of opening it in a particular location. Various factors influence the catchment area size, which is as follows:

Socio-Demographics: Socio-demographic factors are age, education, life stage

and income to assist customers to look into what they are interested in, their buying power and disposal income (fig. 5.24). All of these factors are required to be analyse.

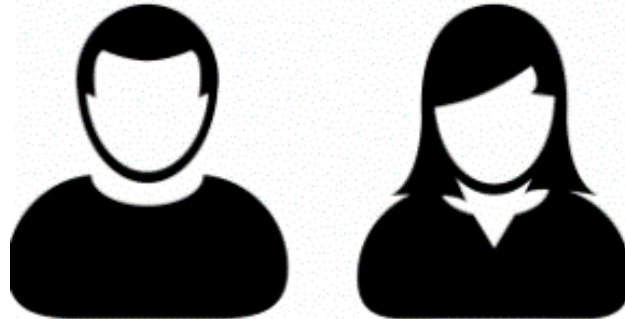


Fig. 5.24: Socio-Demographics

- 1) **Infrastructure:** Infrastructure factors are transport networks like road, rail, and the public that indicate how customers are accessible to a location (fig. 5.25). This availability of stores makes an influence on the target audience and makes them ready to take the opportunity of the retail offerings.



Fig. 5.25: Infrastructure

- 2) **Competitor Analysis:** Competitor's analysis is a single key factor that every business needs to focus on. Retail businesses need to look at the other retailers available near their local area. They should have to look at quantity, products and services, prices being offered by their competitors. These factors assist in finding the potential level of market demand and individual demand and also inform about category ranging strategy.
- 3) **Residential & Workforce Population:** Catchment will cover residential and workforce populations. Based on the timing and population or shopping within catchment area is vital to consider as the number of size,

industry, business and type will also be powerful on sales volume and potential step (fig. 5.26).



Fig. 5.26: Residential & Workforce Population

Analysing Catchment Area to Align Product Offering

After understanding the catchment area carefully concerning the nature of the people that are using the venue or location. The type of customers available in the local area will have an impact on the nature and pricing of the services and products offered by the retailers. It can assist in effective communications and promotions using for greater understanding of the audience to drive relevancy.

Key Performance Indicator (KPI)

KPI is a metric used to measure the performance of the retail store. Retail store is using several KPIs to quantify their activities. There is no specific set of KPIs for the retailer. Retail stores need to select the right KPIs that is based on the consequence they want to attain. For example, the retail store wants to achieve better inventory so that they would use Key performance indicators (inventory to sales ratio). Another example is retail store wants to enhance the customer experience so they would focus on customer satisfaction and customer retention.

Key Performance Indicator

To achieve the business goals or process it is essential to select the right KPIs. Each KPIs have a particular purpose, must be assessable quantitatively or

qualitatively, must have a realistic goal, must apply to the strategic direction of the retail store, and should be measured within a specific time frame. For example, increasing monthly sales volume by 10%. The retail store will measure its sales volume and compare the increase to the target of 10%.

CLASSIFICATION OF KPIs

Every business unit has its own KPIs. For instance, the marketing team in the retail store uses KPIs like customer acquisition while the human resource team uses KPI for example, staff turnover. KPIs can also fall into multiple sub-categories. Quantitative KPIs can be measured with a numeric value. Qualitative KPI cannot be measured numerically. Input KPIs measure the inputs used up in a particular business process and output KPIs measure the outcome of the business process. Leading KPIs to forecast the result of a business process. Leading KPIs predict the result of the business process and present the outcome of the business.

Sales KPIs

Retail stores want to raise sales and earn more money. There are a large number of KPIs that are related to sales. Some basic ones used by retail stores are:

- **GMROF (Gross Margin Return on Investment):** Gross margin return on investment when applied to the retail space gives the gross margin return of selling space. It is measured by dividing the gross margin by the retail selling space.
- **Sales per Square Foot:** Another way of retail space productivity is the sales per square foot. It is measured by dividing the total sales by the total square feet by selling space, for example, a departmental store that produces sales of 50 lakhs per year and has 20,000 square feet of the retail space and produces a sale of Rs. 250 per square foot. Sales per square foot can be measured for departments' product lines and even particular SKUs.
- **The Conversion Ratio:** The conversion ratio is the quantity of people who come to a retail store is called walk-ins. The number of people who purchase from the store is called conversions. The ratio is calculated for a specific period and it serves as a tool for measuring the performance of the store and the merchandise sold.
- **Average Sales per Transaction or Average Ticket Size:** Average sales per transaction calculated by dividing the total sales for the day by the numbers of bills produced. It indicates how much a customer spends in the store per transaction and again differs depending on the type of retailer. For example, the average size of

the transaction for a jewelry retailer would be considerably higher as compared to that for a supermarket or a convenience store.

Usage of KPIs

KPIs should lead to changes that enhance the performance and productivity of the store. There is no point in hitting so much effort in classifying KPIs and measuring them. If there is an outline arising in out-of-stock items for example one specific item being out-of-stock with a higher than likely frequency, then it is the period to raise the frequency through which the item is restocked.

Sales Target and Productivity Targets

The KPI measures the current sales revenue and compares it to a target or past performance. The sales target can be either monetary value, number of accounts and number of units sold.

Setting Targets for the Sales Staff Distribution

Sales targets assist to measure how effective each member of the sales team is working. It reveals the opportunities to develop and reward the team members and keep them improving. Unrealistic targets hurt the business in many ways which include demotivation of sales staff. Staff should know about the products and understand how it works in the market.

Staff involvement in gathering information, analysing sales targets assist in achieving the goals. Ask the following questions with the team members:

- Who is purchasing this product currently?
- How many customers purchase per year?
- Which customers are likely to keep purchasing from the store?
- Which customers are likely to increase their orders and how can persuade them?
- Which are customers decreasing their orders?
- Are you losing customers and why?
- How many new customers are required to achieve sales targets?
- What are sales patterns throughout the year?

All the above questions should be analysed by the sales team. To improve the sales there is need to focus on the weak areas.

Set Specific Targets to the Sales Staff

It is important to support the sales team to set their targets and to achieve them. Set specific targets for the sales staff to achieve them. Breakdown targets by the customers for example,

- **Prospective Customers:** It is necessary to identify the targets to attract new customers.
- **Existing Customers:** Finding targets for product or service improvements to your existing customers.

- **Past Customers:** Identify past customers to encourage them to return.

Targets can also be broken down based on activity, for example:

- **New Contacts:** Targets are set to search out new contacts of the people who can be converted into customers.
- **Lead Generated:** It shows how effective sales team members are working for generating interest for their new customers.
- **New Leads Converted:** New leads shows how effective sales team are prospective customers into customers.
- **Customer Contacts:** It shows how effective the sales team is in preserving and building interactions with existing customers.

The number of phone calls and face-face meetings of the sales team should discuss each day or week to meet the sales goals.

Activities

Activity 1: Discuss the outlet-wise targets and write a short report.

Material required: Pen, notebook, Assignment sheet

Procedure:

1. Form a group of 5-6 students in each group.
2. Ask them to study outlet-wise targets.
3. Allow them to discuss the matter for 10-15 minutes.
4. Ask them to write important points on this topic.
5. The teacher gives an assignment to the student to prepare a short report on it.
6. The teacher evaluates the assignment.
7. Ask the student to present it in the classroom.

Check Your Progress

A. Fill in the Blanks

1. _____ is the defined area around a store,
2. _____, is a metric used to measure performance.
3. Setting sales _____ assists customers to measure how effective each member of the sales team.
4. The _____ team in a retail store practices KPIs like

customer acquisition, while the HR team uses HR KPIs like staff turnover.

5. _____ KPIs can be measured with a numerical value while KPIs can't.

B. Multiple Choice Questions

1. Which is a metric used to measure performance?
 - a) Key Performance Indicator
 - b) Key permanent Indicator
 - c) Shopping centres
 - d) None of the Above
2. Full form of GMROF is _____.
 - a) Gross Margin Return on Investment
 - b) Good margin return on investment
 - c) Gross marking return on investment
 - d) None of the Above
3. The _____ measures current sales revenue and compares that to a target or past performance.
 - a) Sales Staff
 - b) Sales Target
 - c) Average sales per transaction
 - d) None of the above
4. _____ calculated by dividing the total sales for the day by the numbers of bills generated.
 - a) Discount
 - b) Online
 - c) Average sales per transaction
 - d) Sales per square foot
5. The number of people who enter a retail store is termed as walk-ins.
 - a) KPI
 - b) Conversion ratio
 - c) GMROF
 - d) All of the above

C. State whether the following statements are True or False

1. The need for searching and selecting a particular site location generally arises in case of setting up a new retail store or in case of expansion to meet the increased customer's demand.
2. The rural area is an area outside of cities and towns.
3. Site analysis is an integral part of determining the sales potential that

generates the major traffic flow for a retail store.

4. Selecting a store location is a long-term and repetitive decision.
5. Personal factors like preferences, emotional attachment, prejudices, liking and disliking of entrepreneurs.

D. Short Answers Questions

1. What do you understand by catchment area?
2. Discuss catchment mapping?
3. Define KPI.
4. What is the sales conversion ratio?

E. Long Answers Questions

1. Write down the factors influencing catchment area size?
2. Explain the process of setting targets for distributor sales staff?
3. Explain the four main retail KPIs with suitable examples?

F. Check Your Performance

1. Prepare a list of KPI of various retail organisations?
2. Identify the factors influencing the catchment analysis.
3. Prepare a chart on factors influencing catchment area size.

Session 4: Process of Checking Stock Availability

Stocking is also called stock counting. When retailers check and record all the inventory of the business currently available on hand it is called stocking (fig. 5.27). It is a significant part of inventory control but it also affects retailers' purchasing, production, and sales. The process of stocking varies from business to business. Stocking is more than stock management.



Fig. 5.27: Stocking

Source: <https://bit.ly/3U5AGte>

A stock take is about more than stock management. All the inventory that is

required for the business needs comes under the stocking. Manufacturers want to create finished goods they require raw materials which are called raw inventory.

STOCK AND INVENTORY

Inventory comprises a small business's finished products as well as raw materials which are used to make the products, the machinery used to produce products. In another way, it can be said that anything that is in the process of making the items sold by the retail business comes under the term inventory.

Finished goods that are sold by the business organisation called stock. Stock can also be raw materials if a business sells it. For example, stock of car dealerships includes cars but also can comprise engine parts, tires or other accessories.

Stock and inventory words are used interchangeably but both are different. Stock deals with the products that are sold daily. Inventory includes finished products as well as raw materials. Inventory considers all the assets a business utilise to produce products and sells like a stock in the marketplace. The stock regulates the amount of income a business generates. To increase the revenue there is a need to raise the selling of stock.

The accounting inventory items are counted once a year but the number of stocks in the retail sector is tracked on the daily basis. This is due to inventory is refilled as needed to ensure there is sufficient stock for the business to preserve its doors open. Generally, it is not necessary to count all the numbers but they should know how many products are selling and demanded in the market. The sale of stock generates revenue and the sale of assets is not considered as revenue.

MEANING OF CYCLE COUNTING

The stock taking method that involves inspection of a set portion of the inventory regularly and repeatedly on set days is called cycle counting. In this retail break down count into smaller mini stocks takes rather than count the entire warehouse annually. The biggest advantage of this method is that retail business avoids the disruption that can happen with a sole annual take. Therefore, cycle counting is popular among large organisations that cannot close their operations down entirely. It also assists to avoid the large variations that arise when there is a larger gap between the takes.

Cycle counting is a typical process that depends on high inventory correctness to work. Some small businesses use a combination of conventional stocktaking and cycle counting and because they are not sure that moving away from conventional stocktaking methods won't bring problems.

IMPORTANCE OF STOCK TAKES

Retail business is a product-based business that needs to check the level of inventory and control it from time to time. In some countries, it is a legal requirement. Comparison of stock take figures at the hand of the retailer helps to find out the discrepancies of the stock and solve the problem. If there is no tracking of the goods in a good manner, then it means that no proper inventory control or it is a sign of poor inventory control.

Problems facing due to poor inventory control are:

- Stockouts: Stockouts means when business run out of products to sell.
- Overstocking: Overstocking means when businesses have too many products on hand.
- Dead Stock: Deadstock means when products become outdated before they can be sold in the market.

PROCESS OF STOCKTAKING

There are some steps that businesses should follow when they do a record of the stock. Normally there are three stages of the stock-taking process which are before, during and after the counting stage.

- 1. Before the Count:** The first stage is to decide the date and time for the count. There may be the possibility of miscalculating figures so whenever the day decided for this work close the operations or stop for some time. There is a need to set aside time after this to resolve discrepancies and solve issues. It is necessary to assign a role to staff members so that they are aware of the work progress.

There are two activities that must be completed before the count may begin.

- a) Reduced the amount of money you spend on sales and purchases: Incoming and departing stock should be stopped before the count, or there will be discrepancies in the data. Prepare the location in which the count will take place: Prior to the count, set up the area where the counting will take place. Maintain a clean environment and eliminate any needless interruptions.
- b) Throughout the count: After deciding on a day and time, firms should go through the process of counting orders and checking their progress. After deciding on a day and time, firms should go through the process of counting orders and checking their progress.

Because recording everything appears to be tedious, take the time to thoroughly inspect all goods, including all cycle stock and safety.

The staff takes proper training to count the order in the following ways:

- i. Record the stock that is available on the shelf
- ii. Note down the figures according to the computer system

iii. Looking at the system and then checking the shelf is quite an easier way.

2. After the Count: After the figures are ready few more steps should be followed it. The first more important is to value everything correctly. Now you have everything so you can evaluate how much is worth. After that check the figures. The more time spends on checking the items the more accurate items of the inventory system. After that, the time is to reorder items and analyse the results of the take. After that pay attention to the discrepancies, major or minor between the figures from the count and the system.

DEALING WITH STOCK DISCREPANCIES

If the business found any stock discrepancy, then it is bad news for it. Even if they find more stock on hand than they thought is also a problem. Stock discrepancy means that the business is running on the wrong information of stock. The first thing to deal with the stock discrepancy is to identify its cause. It might be a human error (putting something in the wrong place or incorrect data entry into the system) or a serious problem like theft or supplier issues. After knowing the causes of the discrepancy business persons can take steps to solve the discrepancy. This may require making changes in the processes, new software, or extra security. Then it is necessary to upload the new figure into the system to resolve the issue.

PLANNING AHEAD

Businesses work to get the maximum benefit from the count by analysing its result. There are two areas where they should have to pay attention are:

1. Improve Inventory Management: It is vital to manage the inventory to deal with stock discrepancies. During the planning retailer or business, people should think about how can they manage their inventory in a better manner. For this, it is necessary to brainstorm about how they can improve the work area, procedures and systems.

Make the next Stock take run in a Better Way: The future stock take is the thing that managers should plan. They learn lessons from the last stock take and improve their system and resolve the issues in the future time.

Activities

Activity 1: Demonstrate the process of checking stock availability.

Material required: Pen/pencil, drawing sheet, color.

Procedure:

1. Distribute drawing sheets to all of the students.

2. Ask the students to write notes on the process of checking stock availability.
3. Write down the important points.
4. Ask the students to prepare a chart on the drawing sheet.
5. The teacher assists the students in preparing the chart.
6. Ask the students to give a presentation for 5 minutes on the process of checking stock availability.
7. Teacher assign marks on the presentation.

Activity 2: Visit a retail store and survey about how to check stock availability.

Material required: Pen/pencil, notebook, checklist, and trousers.

Procedure:

1. Form a group of five to six students.
2. Tell them to visit a retail outlet.
3. Meet the outlet manager and greet him/her politely.
4. Tell him the purpose of the visit and take consent for the visit.
5. Ask the retail store staff the following questions.
 - a) What is the procedure followed to check stock availability?
 - b) Explain step by step procedure of checking stock.
 - c) In what way do you maintain stock in the retail store.
 - d) Note down the answers in the notebook
6. Prepare a report based on your observation.

Check Your Progress

A. Fill in the Blanks

1. _____ is when you personally verify and document all of the inventory that your company currently has on hand.
2. _____ includes a small business's finished products, the machinery used to produce, the raw materials used to make the products, and the products and the building in which the products are made.
3. _____ is the finished product that is sold by the business.
4. The terms stock and _____ are used interchangeably, but in actuality, the terms have two separate meanings.
5. _____ is a stocktaking method which involves checking a set

portion of your inventory regularly on set days.

6. Stock _____ is bad news for your business even if the business has more stock on hand.

B. Multiple Choice Questions

1. Inventory includes _____.
 - a) a small business's finished products
 - b) raw materials
 - c) machinery used
 - d) All of the above
2. _____ is a typical process that relies on high inventory accuracy to work.
 - a) Cycle counting
 - b) Stocking
 - c) Deadstock
 - d) Inventory
 - e) None of the Above
3. When run out of products to sell is _____.
 - a) stockouts
 - b) deadstock
 - c) overstocking
 - d) None of the above
4. When having too many products on hand is _____.
 - a) stocking
 - b) overstocking
 - c) deadstock
 - d) stock
5. When products become obsolete before they can be sold is _____.
 - a) overstock
 - b) deadstock
 - c) stockouts
 - d) All of the above

C. State whether the following statements are True or False

1. Cycle counting is a time-consuming operation that requires a high level of inventory accuracy to function.
2. For accounting purposes, counting inventory items is done generally once a year, but for stock, the numbers are tracked daily.
3. The terms stock and inventory are not used interchangeably, but in fact, both the terms have two distinct meanings.

4. A stock is a finished product that is sold by the business.
5. When encountering a stock discrepancy, do not uncover its cause.

D. Short Answers Questions

1. Explain the procedure of stock availability.
2. How to check stock?
3. Distinguish between stock and inventory.
4. How to deal with stock discrepancies.
5. What do you mean by stock takes?

E. Long Answers Questions

1. What is the process of stocktaking?
2. Explain the process of identifying the stock discrepancies.
3. Identify the problems of inventory management?

F. Check Your Performance

1. Prepare a list of various types of inventories and collect pictures of them.
2. Draw a chart on the process of stock availability.
3. Illustrate how to check stock availability in the backroom for reserves.

Answer Keys

Module 1: Essentials of Marketing

Session 1: Significance of Marketing Concepts

A. Fill in the Blanks

- 1-Marketing
- 2-Distribution
- 3-market
- 4-Micro environment
- 5-Macro-environment

B. Multiple Choice Questions: 1-d, 2-d, 3-c,4-a, 5-d

C. State whether the following statements are True or False

- 1-True
- 2-True
- 3-False

4-True

5-True

Session 2: Functions of Marketing

A. Fill in the Blanks

1-exchange

2-Selling

3-Physical distribution

4-Transportation

5-Facilitative

6-Standard

7-Risk

B. Multiple Choice Questions: 1-d, 2-d, 3-a, 4-b,5-b

C. State whether the following statements are True or False

1- True

2- False

3- True

4- True

5- False

Session 3: Functions of Physical Distribution

A. Fill in the Blanks

1- order

2- Picking

3- Transport

4- products

5- Distribution

B. Multiple Choice Questions: 1-c, 2-b, 3-d, 4-b, 5-b

C. State whether the following statements are True or False

1- True

2- True

3- True

4- False

Session 4: Facilitative Functions of Marketing**A. Fill in the Blanks**

- 1- Standard
- 2- Physical distribution
- 3- Order processing
- 4- packaging
- 5- Grading

B. Multiple choice question: 1-b, 2-b, 3-d, 4-c, 5-d, 6-c**C. State whether the following statements are True or False**

- 1- False
- 2- True
- 3- True
- 4- False
- 5- True

Module 2: Distribution Marketing**Session 1: Distribution Channels****A. Fill in the Blanks**

- 1- Distribution channel
- 2- Zero level channel
- 3- wholesalers/retailers
- 4- circuit boards/computers

B. Multiple Choice Questions: 1-D, 2-C, 3-B, 4-A, 5-B**C. State whether the following statements are True or False**

- 1- True
- 2- True
- 3- False
- 4- True
- 5- False

Session 2: Functions of Distribution Channels**A. Fill in the Blanks**

- 1- Information

2- Channels of distribution

3- Manufacturers

4- Physical Distribution,

5- Indirect Channel

B. Multiple Choice Questions: 1-D, 2-C

C. State whether the following statements are True or False

1- True

2- True

3- False

4- True

Session 3: Types of Distribution

A. Fill in the Blank

1- Distribution channel

2- Internet

3- Market environment

4- Intensive

5- Extensive

B. Multiple Choice Questions: 1-D, 2-A, 3-D

C. State whether the following statements are True or False

1- True

2- True

3- True

4- False

5- False

Session 4: Types of Intermediaries

A. Fill in the Blanks

1- Marketing Intermediaries

2- Intermediary

3- Wholesaling

4- Middlemen

B. Multiple Choice Questions: 1-D, 2-A, 3-A

C. State whether the following statements are True or False

- 1- True
- 2- True
- 3- False
- 4- False
- 5- False

Module 3: Product Knowledge and Retail Merchandising**Session 1: Product Details****A. Fill in the Blanks**

- 1- particular market
- 2-Target market
- 3-Variants
- 4-one or more
- 5-Pricing points

B. Multiple Choice Questions: 1-D, 2-D, 3-A, 4-D,5-D**C. State whether the following statements are True or False**

- 1- True
- 2- False
- 3- True
- 4- True
- 5- True

Session 2: Retail Merchandising**A. Fill in the Blanks**

- 1-Attention
- 2-Configuring
- 3>Influence
- 4-Free standing
- 5-signs, posters

B. Multiple Choice Questions: 1-D, 2-A, 3-A, 4-B**C. State whether the following statements are True or False**

- 1-True

2-False

3-True

4-True

Session 3: Benchmarking and Brand Availability

A. Fill in the Blanks

1-Quantitative

2-Bigger companies

3 Smaller companies

4-Competitor

5-Performance metrics

6-Cost structure

B. Multiple choice questions 1-C, 2-D,3-D

C. State whether the following statements are True or False

1-True

2-False

3-False

4-True

5-True

Session 4: Benefits of SKU

A. Fill in the Blanks

1- special, different

2- Customers

3- Stock keeping unit

4-Alphabets and numbers

5-promotional material

6 minimum traffic

B. Multiple Choice questions 1-C, 2-D,3-C, 4-D, 5-E

C. State whether the following statements are True or False

1- True

2-True

3-True

4-True

5-False

Module 4: Understanding Business

Session 1: Target Productivity

A. Fill in the Blanks

1. Efficiency
2. Retailer
3. Intensive
4. Wholesaler
5. Channel

B. Multiple Choice Questions: 1-C,2-A,3-B,4-C

C. State whether the following statements are True or False

- 1-False
- 2-True
- 3-True
- 4-True

D. Match the Column

1-C, 2-A, 3-D, 4-B

Session 2: Target and Achievement

A. Fill in the Blanks

- 1-533
- 2-Number of Productive calls
- 3- Corrective actions
- 4-Effective coverage

B. State whether the following statements are True/False

- 1-False
- 2-False
- 3-True
- 4-False

C. Match the column: 1-C, 2-A, 3-D,4-B

Session 3: Category Wise Billing as per Plan

A. Fill in the Blanks

- 1-Over the counter
- 2-Map
- 3-Census
- 4-Kirana Stores
- 5-Grocery shops

B. Multiple Choice Questions: 1-B, 2-B, 3-B, 4-B

C. State whether the following statements are True or False

- 1-False
- 2-True
- 3-True
- 4-False

D. Match the Column

- 1-D, 2-A, 3-B, 4-C

Session 4: Route Objectives**A. Fill in the Blanks**

- 1-Route
2. Outlets
3. Excess
4. Time and money

B. Multiple Choice Questions: 1-A, 2-B, 3-A, 4-A

C. State whether the following statements are True or False

- 1-True
- 2-True
- 3-True
- 4-True
- 5-False

Module 5: Launching of Products**Session 1: New and Closed Outlets****A. Fill in the Blanks**

- 1-speciality

to be Published

2-departmental

3- convenience

4- Drug

5- Online Store

B. Multiple Choice Questions: 1-D, 2-A, 3-A, 4-C, 5-D.

C. State whether the following statements are True or False

1-False

2-True

3-True

4-False

5-True

Session 2: Launching of new products

A. Fill in the Blanks

1-Digital

2-B2B

3-Creative

4-Blue

5- Potential

B. Multiple Choice Questions: 1-A, 2-C, 3-A, 4-C, 5-D

C. State whether the following statements are True or False

1-True

2-True

3-True

4-True

5-False

C. Match the Column 1-E, 2-C, 3-D, 4-A, 5-B

Session 3: Outlet Wise Targets

A. Fill in the Blanks

1- Catchment

2-KPI

3-targets

4-marketing

5-Quantitative

B. Multiple Choice Questions: 1-A, 2-A, 3-B, 4-C, 5-B

C. State whether the following statements are True or False

1-True

2-True

3-True

4-False

5-True

Session 4: Process of Checking Stock Availability

A. Fill in the Blanks

1-Stock counting

2-Inventory

3-Stock

4-inventory

5-cycle counting

6-discrepancy

B. Multiple Choice Questions: 1-D, 2-A, 3-A, 4-B, 5-B

C. State whether the following statements are True or False

1-True

2-True

3-False

4-True

5 -False

Glossary

Word	Meaning
Retailing	Retailing is the business of selling goods and meeting the consumer demand
Merchandising	It represents finished goods an organization purchases from a supplier for future resale.
Franchising	A franchise is a legal contract between a company (franchiser) and the store owner (franchisee), which allows the store owner to conduct business under an established name, For example, Pizza Hut, Mc Donald's, Van Heusen, etc.
Policy	A policy is a set of principles and guidelines that an enterprise established to explain its long-term goals direct and limit the extent of its actions in search of long-term goals and to protect its interest.
Procedure	A procedure is a predetermined manner that consists of an arrangement of steps that must be tracked in order for the task to be finished.
Supplier	They are providers of merchandisers to be sold.
Trademarks	A trademark is protecting the symbolic value of product. Trademark is used to recognize the product and it can be a name, symbol, device or a combination of them.
Copyrights	Copyright items are art, books, music, advertisements, software, jewelry etc. It rests with either the person who creates the work or with the employer.
Sole-Proprietorship	Sole Proprietorship-In this business structure there is one owner and unlimited personal liability for the business obligation and owner taxed and profits and losses.
Partnership	Partnership In this business structure there is an unlimited sum of general partners and unlimited liability and business not taxed.

Corporation	Corporation-In this business structure there is an unlimited number of shareholders and limited liability, and tax on earnings.
Sole-proprietorship	It is a simple and easy structure to start a business. Selecting this business structure requires less legal formalities. Sole-proprietorship is registered at the local municipal office.
Contracts	The contract is an agreement between the parties that are binding them with terms and conditions.
Leases	Leases give the rules and regulations that permit a landlord to operate, provide and maintain a facility or equipment.
Insurance	Insurance is defined as protection against the risk associated with the business organization.
Bartering	It is a process of goods and services exchange in which there is no need for cash.
Signages	Installing security signs in the store is a low-cost way to deter shoplifters and shady characters.
Up-selling	It is the process or practice of encouraging customers to buy high-end or costly products.
Cross-selling	It is the practice to request customers to buy related items or complementary
Data	the collection of facts that comprises of personal data, web data, sensor, data etc.
Advertising	The activity or profession of producing advertisements for commercial products or services.
Promotion	A various set of activities which communicate the brand, product or services to the customers or users.
Aggressiveness	Hostile or violent behavior.
Appearance	The way that someone or something looks.
Assessing	Evaluate or estimate the nature, ability, or quality of.

Dissatisfaction	Lack of satisfaction.
Disseminating	Spread (something, especially information) widely
Safeguard	A measure is taken to protect someone or something or to prevent something undesirable.
Satisfaction	Fulfillment of one's wishes, expectations, or needs, or the pleasure derived from this.
Fraud	Wrongful or criminal deception intended to result in financial or personal gain
Grievance	A real or imagined cause for complaint, especially unfair treatment.
Guidelines	A general rule, principle, or piece of advice.
Guidelines	A general rule, principle, or piece of advice.
Harassment	Aggressive pressure or intimidation.
Impending	Be about to happen.
Inappropriate	Not suitable or proper in the circumstances.
Inflammatory.	Relating to or causing inflammation of a part of the body.
Initiatives	The ability to assess and initiate things independently.
Integration	The action or process of integrating.
Interruption	The action of interrupting or being interrupted.
Loyalty	The quality of being loyal.
Maintaining	Cause or enable (a condition or situation) to continue.
Mechanism	A system of parts working together in a machine; a piece of machinery.
Merchandises	Goods to be bought and sold.
Mismatching	A failure to correspond or match, a discrepancy.
Mismatching	A mismatch, an anomaly, mismatching.

Obligations	An act or course of action to which a person is morally or legally bound; a duty or commitment.
Operation	The action of the functioning or the fact of being active or in effect.
Permission	The action of officially allowing someone to do a particular thing; consent or authorization.
Personalization	Design or produce (something) to meet someone's requirements.
Persuade	Induce (someone) to do something through reasoning or argument.
Persuade	Induce (someone) to do something through reasoning or argument.
Phenomenon	A fact or situation that is observed to exist or happen, especially one whose cause or explanation is in question.
Philosophy	the study of the fundamental nature of knowledge, reality, and existence, especially when considered as an academic discipline.
Preventing	Keep (something) from happening.
Preventing	Keep (something) from happening.
Prevention	The action of stopping something from happening or arising.
Privileged	Having special rights, advantages or immunities.