

## A Study of Status and Scenario of Retail Outlets of Biscuits of Britannia Industries Ltd.

Narander Pal Singh, Jyoti Kachroo, Naveed Hamid, Anil Bhat\*, Sudhakar Dwivedi and S.P. Singh

Division of Agricultural Economics & ABM, Sher-e-Kashmir University of Agricultural Sciences and Technology of Jammu, Chatha – 180009, India

\*Corresponding author: drbhatanil@gmail.com

### ABSTRACT

The present investigation was conducted in Chandigarh city covering 25 sectors for analyzing sales network in which 300 retail outlets and distributors were selected through purposive sampling. The information from various retail outlets and distributors was collected with the help of structured questionnaire and the data was analyzed by using various statistical tools. Communication channel, distribution channel, and transaction channel were used towards market expansion. Out of 300 retail outlets only 205 were found active and 95 were found non active. Further sectors 21, 22, 44 and 47 have shown the 100 per cent active retail outlets and minimum active retail outlets have been found in sector 14 with 20 per cent followed by non active retail outlets in sector 15 with 13 per cent. The weekly total sale for Britannia biscuit products was worked out at ₹ 704800 with an average sale of ₹ 28000 and the highest sale of Britannia biscuit products was in sectors 22 and 44 with ₹ 75500 and ₹ 58400 respectively followed by the minimum sales at sector 14 and 19 with ₹ 5500 and ₹ 6500 respectively.

**Keywords:** Britannia, status, scenario, sales, retail outlets, distribution, communication

The Indian food industry has grown from strength to strength in the past few years with recent upswing in the packaged and processed food industry. Indian bakery industry is one of the biggest sections in the processed food industry of the nation. The rising foreign influence, emergence of female working population and changing consumption patterns have attributed strongly in the growth trajectory of the bakery industry. Indian bakery industry has undergone a massive change majorly on account of changing perception of bakery products and evolving consumer tastes. Bakery products are items of mass consumption due to their affordability and nutrition content. Driven by evolving perception of bakery products in India and changing consumer preferences, Indian bakery industry will touch levels of Rs. 483 billion in the next five years (FBM). Global bakery industry grew at an annual rate of approximately 6.5 per cent during 2007-13 and leading research associations project the global industry to grow at a CAGR of approximately 7 per cent in the next few years. The global bakery products market is forecasted to reach US\$447 billion by the year 2017, driven by new consumer preferences for conveniently portioned and easy-to-consume bakery goods (San Jose,). Biscuit industry contribute more than ₹ 8,000 crore to the FMCG

industry and provide a vast opportunity for growth, as the per capita consumption of biscuits is less than 2.1 kg in our country. India It is classified under two sectors: organized and unorganized. Branded /Organized to Unbranded/Un organized market share of biscuit has been 70 per cent for organized sector and 30 per cent for unorganized sector. Apart from Big 3 (Britannia, Parle, ITC) there are around 150 medium to small biscuit factory in India. Exports of Biscuit were 14 per cent of the annual production during the period of 2012-13. Imports of biscuits into India (mainly high end products) have not shown any significant growth during the last few years and have not affected production/sales by the Indian Biscuit industry.

Distribution channels are evaluated using three major criteria: effectiveness, efficiency, and adaptability. There is little research in the Indian context on the factors that affect channel effectiveness and efficiency. A good understanding of the factors will aid in modifying channel structure in response to changes in the channel or environment. A major challenge in channel management is keeping channel members motivated to support the principal, especially when markets are tough. The distribution channel structure in India is largely traditional and quite unique. The

major channel components are the retail network, wholesale network, and the logistics infrastructure (Avinash, G. Mulky). The retail network in India consists of over nine million outlets. These include traditional outlets like paan shops; grocers or kirana stores; general stores; specialised shops for footwear, clothing, jewellery, watches, mobile phones, and consumer durables; newer formats like supermarkets, hypermarkets, and online stores; and service outlets like fast food outlets, beauty parlours, fitness centres, coaching centres, and so on.

Traditional outlets are spread across urban and rural India but the newer formats are mostly located in urban areas. The penetration of organized retail in India which is less than 8 per cent is quite low even in comparison to other emerging markets. The average retail outlet in India is very small in terms of area, number of employees, and number of stock keeping units (SKUs) stocked. Traditional retail in India offers consumers a number of advantages like convenience, home delivery, credit, and personalized service. On the other hand, modern retail offers periodic promotional offers, lower prices, wider assortment, a better ambience, and higher quality brands. The continued existence of traditional retail in India has been based on factors such as lower rentals, lower labour costs, credit from suppliers, low or no liability on taxes, and a legal framework which prevented foreign direct investment (FDI) in retailing until quite recently. Traditional stores have managed to hold their own against organized Indian retailers so far by making some changes in their operating practices. It will be interesting to see how traditional Indian stores will fare in future after the entry of price aggressive international retailers

India is witnessing a major shift towards 'premiumisation' as consumer preferences change, fuelled by soaring disposable incomes in smaller towns and health awareness. To cater to the current trends, Britannia has launched various value added products to increase its mix towards premiumisation with its products like pure magic, treat, burbone etc and has undertaken a cost rationalisation which is expected to improve the margin of the company going forward.

Britannia has been reducing the sales of its glucose biscuits from around 60 per cent of its sales five years ago to currently around 20 per cent of the sales and on the other hand pushing sales of cream and other

high-margin biscuits to enhance its margin. In last 4 years, the EBITDA margin of the company has been gradually improving from 4.6 per cent in FY10 to 6.8 per cent in FY13. Going forward we expect the margin to improve further to around 7.1 per cent on back of cost rationalization and improvement in value added product mix.

Communication channels enable the flow of various types of information between buyers and sellers and coordinate to run an effective marketing campaign. These coordinated campaigns are part of an effective integrated marketing communications plan. The present contribution gives the insight about three aspects of communication channel like, fast and proper ordering of information from retailer, excellent reverse flow of information from distributors, query and feedback handling. Transaction channel enables to realize ordering, payment activities and facilitate the physical exchange of products and services between buyers and sellers. The present study provide the insight about the four activities, unclear incentive schemes and policies among retailers and distributors, financing new business ventures for initial stage, risk coverage, direct credit facility only for distributors for the market expansion of Britannia biscuit products. Therefore the present study has been undertaken to find out the current status of retail outlets and to ascertain the current scenario of sales of biscuit items of Britannia industries Ltd. in Chandigarh.

## METHODOLOGY

The present study has adopted a stratified random sampling technique to conduct the survey among the different retailers of Chandigarh circle. The present contribution adopted a stratified random sampling technique which helps in dividing the total target population into strata's or segments on the basis of some important variables. Hence strata were developed to segregate the whole sample into equal number of strata's showing the equal chance of appearing into the final sample.

### Sample size

The sample used in the present study consists of the retailers having retail outlets in different sectors of Chandigarh. The sample size for the study was taken as 300. As the present study used the sample consists of 25 sectors showing the presence of the

wide distribution of Britannia biscuits. To collect the information among the respondents in 25 sectors a common parameter was taken into consideration was presence of minimum 5 retail outlets in each sector. Therefore 300 sample sizes seem to be enough for conducting present study. The sample distribution is as follows:

Sectors	Retailers
Sector 07	8
Sector 08	10
Sector 09	05
Sector 11	08
Sector 14	10
Sector 15	15
Sector 17	08
Sector 18	05
Sector 19	08
Sector 21	05
Sector 22	15
Sector 23	12
Sector 24	20
Sector 27	13
Sector 28	12
Sector 29	07
Sector 31	14
Sector 32	12
Sector 38	15
Sector 41	20
Sector 42	20
Sector 44	10
Sector 45	30
Sector 46	08
Sector 47	10
Total sectors = 25	Total Respondents = 300

**Note:** The selection of the respondents depend on the availability of the retails outlet in the Chandigarh circle.

### Analytical Tools

To meet out the objectives of the present study, both tabular and functional/statistical approaches were employed for analysis and interpretation of results.

$$\text{Percentage} = \frac{\text{Sale of a retail outlet}}{\text{Total sale of a sector}} \times 100$$

### Descriptive statistics

Descriptive statistics incorporate mean, median,

standard deviation, coefficient of variation, used to analyze the variation between the factors and also helped to analyze which factor plays a vital role in the market expansion at Chandigarh circle.

### Arithmetic mean

The arithmetic mean is calculated by adding a group of numbers and then dividing by the count of those numbers

$$\text{Mean} = \frac{\Sigma(X1, X2 \dots Xn)}{N}$$

Where,

X1, X2 ....Xn are the observation on sales of Britannia in different sectors

N= number of respondents

### Median

Median which is the middle number of a group of numbers; that is, half the numbers have values that are greater than the median, and half the numbers have values that are less than the median.

$$\text{Median} = \frac{\Sigma(N+1)}{2} \text{th item}$$

### Standard deviation

The standard deviation is a measure of how widely values are dispersed from the average value (the mean).

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\Sigma(x - \text{Mean})^2}{(n-1)}}$$

Where n is the sample size.

### Coefficient of Variation

Coefficient of Variation depicts the variation of the value in terms of percentage figure from the sample mean.

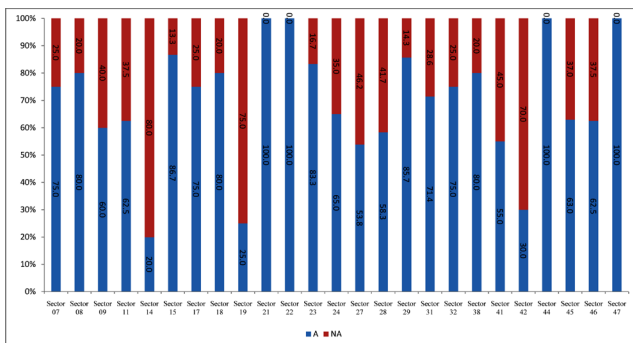
$$\text{Coefficient of Variation} = \frac{\sigma}{\text{Mean}} * 100$$

In addition to these descriptive statistics the study has also incorporated the chart representation for the sale (₹) for different retail outlets surveyed in Chandigarh circle. The analyses highlight the movement of average sale retailer and sector wise for Britannia industries ltd.

## RESULTS AND DISCUSSION

The result and discussion part of the paper includes about the statistics of total sales for the Britannia biscuits by retail outlets mentioned weekly. The section also elaborates the impact of communication, distribution and transactional channel on the purchase behavior of retailer at 25 different sectors of Chandigarh.

From Figure 1 it could be interpreted that out of 300 retail outlets located at 25 different sectors in Chandigarh only 205 (68.33%) were active and rest 95 (31.67%) were non active. Further, study revealed that sectors 21, 22, 44 and 47 were having the 100 per cent active retail outlets. Minimum active retail outlets have been found in sector 14 with 20 per cent followed by non active retail outlets in sector 15 with 13 per cent. It can be concluded that the Britannia must focus more on the sectors like 14 and 15 as in these sectors there are maximum non active retail outlets and this will lead towards the possible prospect for the increase in the market share by in all the 25 sectors of Chandigarh.

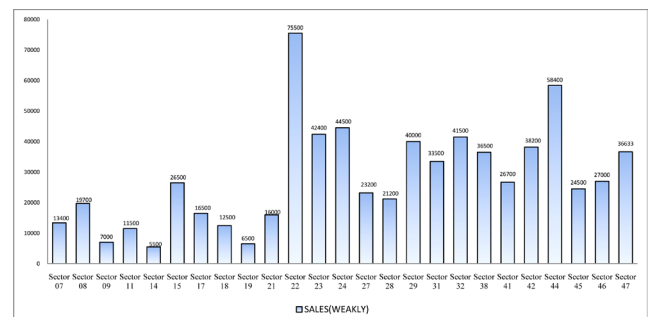


**Fig. 1:** Current status of retail outlets of Britannia industries Ltd. in Chandigarh

It has further being highlighted that wherever the minimum number of non active retail outlets have been estimated the number of retail outlets in the relevant sector is very less in number. It is further analyzed that the Britannia should focus on increasing the proportion of retail outlets in these non active sectors. However Figure 1 reveals that there are some sectors where there are very less number of non active retail outlets. Thus, the company should make the appropriate strategies keeping in consideration the sectors with no non active retail outlets for further reduction in non active retail outlets for Britannia in Chandigarh. While looking over the estimations of percentage distribution for the sectors having

minimum non active retail outlets, there should be more sound strategy and policy formulations by the company as these can appear as the further prospect sectors/segments because of high presence of retail outlets.

From Figure 2 it could be easily depicted that the highest weekly sale of Britannia products has been observed in sector 22, 44 with ₹ 75500 and ₹ 58400 respectively followed by the minimum weekly sales at sector 14, 19 with ₹ 5500 and ₹ 6500. It could be also observed from table that total weekly sales of Britannia products at over all 25 sectors comprising 205 retail outlets has been ₹ 704833 with an average weekly sales of ₹ 28193. It is further analyzed from the Figure 2 that sectors 23 (₹ 42400), 24 (₹ 44500), 29 (₹ 40000), 31 (₹ 33500), 32 (₹ 41500), 38 (₹ 36500), 42 (₹ 38200) and 47 (₹ 36600) are having the sales per week more than the average value. Thus, company should focus on the sectors with the sales less than the average value, so as to increase the market share.



**Fig. 2:** Current scenario of sales of biscuit items of Britannia industries Ltd. in Chandigarh

**Note:** Total Weekly Sale = ₹ 704833

Average Sale = ₹ 28193

To have a more comprehensive analysis regarding the concentration of sales in different sectors of Chandigarh circle for Britannia biscuits a relative comparison in terms of percentage sales for the outlets in different sectors has been estimated and depicted in table 1. The table revealed that the sectors 15, 22, 24, 31, 38, 45 are having more than 10 active retail outlets with a good number of sale distribution in different outlets. Furthermore, it is clarified from the statistics of the table that sectors that were having the average sale greater than ₹ 28193 comprise of sector 22, 23, 24, 31, 32, 42, 44, 47. Thus it have been clarified that the average sale of retail outlets is greater where the distribution of retail

**Table 1: Percentage distribution for sales at different level in 25 sectors**

Sector ↓ Retail outlets →	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
SECTOR-7	14.93	15.67	16.42	15.67	18.66	18.66											
SECTOR-8	12.18	13.20	10.66	15.23	10.66	12.69	10.15	15.23									
SECTOR-9	35.71	28.57	35.71														
SECTOR-11	17.39	13.04	21.74	26.09	21.74												
SECTOR-14	63.64	36.36															
SECTOR-15	8.30	7.55	9.43	9.06	5.66	9.43	7.55	7.55	9.43	9.06	3.77	7.55	5.66				
SECTOR-17	30.30	15.15	12.12	21.21	12.12	9.09											
SECTOR-18	40.00	24.00	20.00	16.00													
SECTOR-19	69.23	30.77															
SECTOR-21	18.75	34.38	12.50	15.63	18.75												
SECTOR-22	3.31	1.99	7.95	1.99	13.25	15.89	2.65	3.97	7.95	3.31	2.65	13.25	9.93	9.27	2.65		
SECTOR-23	5.90	5.90	5.90	28.30	23.58	4.72	5.19	10.61	5.19	4.72							
SECTOR-24	3.37	12.36	5.62	5.62	5.62	3.37	13.48	3.37	22.47	4.49	4.49	6.74	8.99				
SECTOR-27	10.78	19.40	15.09	9.48	15.09	19.40	10.78										
SECTOR-28	9.43	21.23	16.51	14.15	16.51	10.38	11.79										
SECTOR-29	15.87	7.94	25.40	19.05	25.40	6.35											
SECTOR-31	11.25	6.25	3.75	8.75	17.50	12.50	10.00	6.25	8.75	6.25	8.75						
SECTOR-32	13.43	8.96	14.93	8.96	7.46	7.46	8.96	13.43	16.42								
SECTOR-38	4.82	10.84	7.23	12.05	7.23	6.02	3.61	6.02	7.23	10.84	13.25	10.84					
SECTOR-41	9.59	8.22	12.33	9.59	6.85	2.74	13.70	13.70	6.85	9.59	6.85						
SECTOR-42	9.36	13.11	8.24	16.85	14.98	37.45											
SECTOR-44	6.54	11.78	9.16	14.40	9.16	5.76	6.54	9.16	11.78	15.71							
SECTOR-45	4.28	10.27	7.71	9.42	8.56	5.99	4.28	2.57	4.28	3.77	5.14	7.71	4.28	5.99	9.42	2.05	4.28
SECTOR-46	28.57	18.37	8.16	14.29	10.20	8.16	12.24										
SECTOR-47	7.41	5.56	5.56	1.85	5.56	18.52	29.63	9.26	7.41	9.26							

outlets is higher. It is further been identified that the average sale of ₹ 28193 (Figure 2) has been figured out from the retail outlets present in the sectors 22, 23, 24, 31, 32, 42, 44 and 47. However, the statistics also revealed that maximum sale from sector 22 (₹ 75500) comprises of 15 retail outlets with 3.31 per cent, 1.99 per cent, 7.95 per cent, 1.99 per cent, 13.25 per cent, 15.89 per cent, 2.65 per cent, 3.97 per cent, 7.95 per cent, 3.31 per cent, 2.65 per cent, 13.25 per cent, 9.93 per cent, 9.27 per cent and 2.65 per cent respectively. On the other hand the minimum sales from sector 14 depict the presence of 2 active retail outlets with 63.64 per cent and 36.36 per cent respectively.

Furthermore, it can be concluded that Britannia should increase the relative number of retail outlets so as to increase the proportion of sale in the different sectors in Chandigarh. In addition to this

the company should focus on the sectors 29 and 42 as there is presence of less retail outlets but sale appears at high level in these sectors. Thus, they can become the future prospect for the growth and revenue generation for Britannia in Chandigarh circle.

Table 2, includes the descriptive statistics of the variable/statements including the analysis. It has been identified from the statistics that in terms of reason for purchase the, available at all the retail outlets and stores appear to be the vital variable with mean (2.99), median (3.00), std. deviation (0.993) and coefficient of variation (0.332). Further, the study revealed that reason for not purchase the improper packaging appear to be the vital variable with mean (2.96), median (3.00), std. deviation (1.165) and coefficient of variation (0.393). Moreover, in communication channel the query and feedback handling appear



to be the vital variable with mean (4.36), median (5.00), std. deviation (0.821) and coefficient of variation (0.188). It has been further analyzed from the statistics that in terms of distribution channel the storage and warehousing activities appear to be the vital variable with mean (4.36), median (5.00), std. deviation (0.821) and coefficient of variation (0.188). Furthermore, it has been depicted that in transactional channel the risk coverage appear to be the vital variable with mean (4.36), median (5.00), std. deviation (0.821) and coefficient of variation (0.188).

Thus, the analysis conclude that in terms of different channels like, query and feedback handling, storage and warehousing activities and risk coverage appears to provide an insight towards the satisfaction level. The responses of the retailers on activities like, availability at all the retail outlets and stores, improper packaging appears to be on neutral side with mean score of 2.99 and 2.96 respectively. Whereas analyzing the response of the retailers in terms of standard deviation and coefficient of variation, it has been depicted that there is a consistent variation in the responses. Concluding the dispersion in data shows that data is showing the presence of normality towards the responses presented by the retailers in 25 sectors of Chandigarh.

**Table 2: Retailers Descriptive Statistics for Different Variables**

Statements	Mean	Median	Std. Deviation	CV
Taste and quality of the product	2.29	2.00	.886	0.387
Choice of the family in buying matters.	1.83	2.00	.889	0.485
Prices are affordable and reasonable.	2.86	3.00	.971	0.340
Available at all the retail outlets and stores	2.99	3.00	.993	0.332
Adequate stock	2.88	3.00	.974	0.338
Britannia biscuits popular	2.67	2.00	1.026	0.384
Much variety of product then others	2.22	2.00	1.125	0.507
Improper Packaging	2.96	3.00	1.165	0.393
Improper credit facility for retailers	2.01	1.00	1.397	0.694
No exclusive showroom/company owned outlet	2.22	2.00	1.348	0.607

Fast and proper ordering of information from retailer	2.99	3.00	1.218	0.408
Excellent reverse flow of information from Distributors	2.80	2.00	1.556	0.556
Query and feedback handling	4.36	5.00	.821	0.188
Sales based promotion policy	2.74	3.00	.961	0.350
Logistics facility	1.45	1.00	.705	0.485
Storage and warehousing activities	4.36	5.00	.821	0.188
Unclear incentive schemes and policies among retailers and distributors	2.29	2.00	.886	0.387
Financing new business ventures for initial stage	1.83	2.00	.889	0.485
Risk coverage	4.36	5.00	.821	0.188
Direct credit facility only for distributors	2.29	2.00	.886	0.387

## CONCLUSION

The present study focusing on various factors that can affect market expansion in Chandigarh city have emphasised on improvement in certain factors comprising the availability of the Britannia biscuits at all the retail outlets, improper packaging, query and feedback handling, storage and warehousing activities and risk coverage especially for retailers and distributor. Keeping these factors into consideration a market expansion strategy can be formulated to converting non-active retail outlets into the active retail outlets.

## Recommendations

It is suggested that company must focus more on non active retail outlets by increasing frequency of revisit to these outlets and must motivate them in terms of additional sales schemes and benefits. Also it has been suggested that senior marketing personal from the Britannia may keep regular check on these non active retail outlets.

It is suggested that company should plan some new market outlet strategies especially for sector 14 and 19 as the same has reported the minimum sales across the rest 23 sectors. Also the company should organize dealer meets for them and must organize road shows in their rest areas.

## **REFERENCES**

- Anonymous. 2012. Biscuit Industry in India an Overview pp 01-09. Federation of Biscuit Manufacturer's of India.
- Avinash, G. Mulky, 2013, Distribution challenges and workable solutions, *Indian Institute Management Bangalore Review, Sciverse Science direct*. **25**(1): 179-195.
- San Jose, 2012. Global Bakery Products Market to Reach US\$447 Billion by 2017, According to New report by Global Industry Analysts, Inc California [http://www.strategyr.com/Bakery\\_Products\\_Market\\_Report.asp](http://www.strategyr.com/Bakery_Products_Market_Report.asp).

