



**Micro study of Biscuit Industry for Benchmarking the Best Practices in Retail
Channel at Nagpur
(2003 – 2012)**

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Abstract:

Benchmarking best practices helps to optimize the output of any organization as the best practices yield consistent desirable outcomes. . The paper focuses on benchmarking best practices in retail channel in biscuit industry. Nagpur is chosen for study considering its central location and ease of accessibility. The research focuses on various practices carried out by the brands of the biscuit industry and understanding if the similar practices are carried out by the competitors and if are result oriented can be considered for benchmarking

Keywords- Benchmarking, Best Practices, Retail Channel, Biscuit Industry

Introduction

Retail comprises of the offer of physical products or stock from a settled area, for example, a retail chain, boutique or stand, or by shopping center, in little or individual parts for coordinate utilization by the buyer. Retailing may incorporate subordinated administrations, for example, conveyance. Buyers might be people or organizations. In business, a "retailer" purchases merchandise or items in expansive amounts from makers or merchants, either straightforwardly or through a distributor, and after that pitches littler amounts to the end-client. Retailers are toward the finish of the supply chain. Assembling advertisers see the way toward retailing as an essential piece of their general conveyance system. As retail is the end note of supply chain , it is important to understand what strategies companies use to lure the customers to buy their product.

There are many strategies or policies and procedures companies use which optimise output of the company are benchmarked as best practices.

A best practice is a strategy or system that has reliably demonstrated outcomes better than those accomplished with different means which are utilized as a benchmark. the term "best" practice can be understood as to introduce betterment as changes are found. Best practice is considered by some as a business trendy expression, used to portray the way toward creating and following a standard method for doing things that numerous associations can utilize. Best practices are utilized to keep up quality as an option to compulsion as per set standards and laws established on self-appraisal or benchmarking.

Best Practice involves

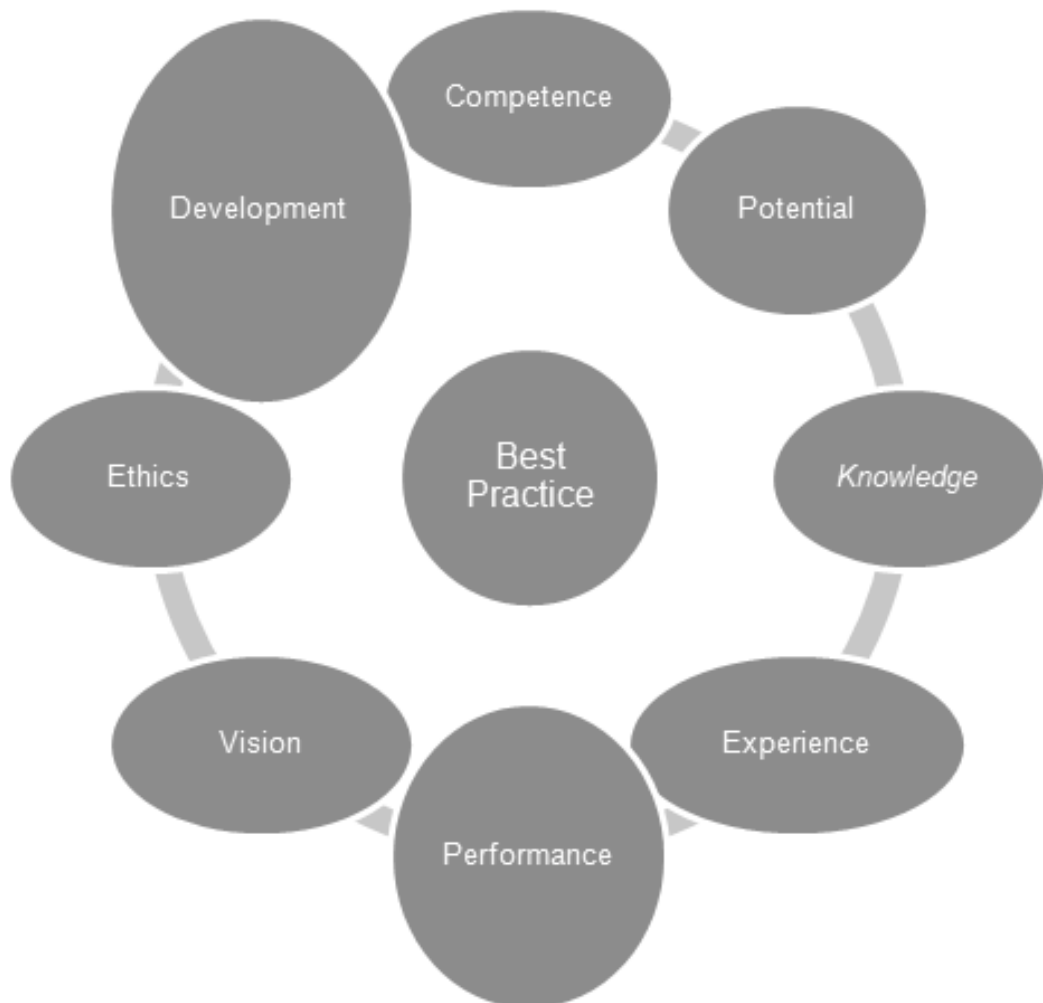


Figure 1: Elements involved in Best Practice

Benchmarking is the way toward recognizing "best practice" in connection to the items under consideration and the procedures by which those items are made and conveyed. The scan for "best practice" can occur both inside a specific industry, and furthermore in different enterprises for instance - there are lessons to be gained from different businesses. Benchmarking goes about as a self improvement instrument to enhance the business operations. The goal of benchmarking is to understand and assess the current position of a business or association in connection to "best practice" and to distinguish regions and methods for execution change.

Benchmarking includes four key advances:

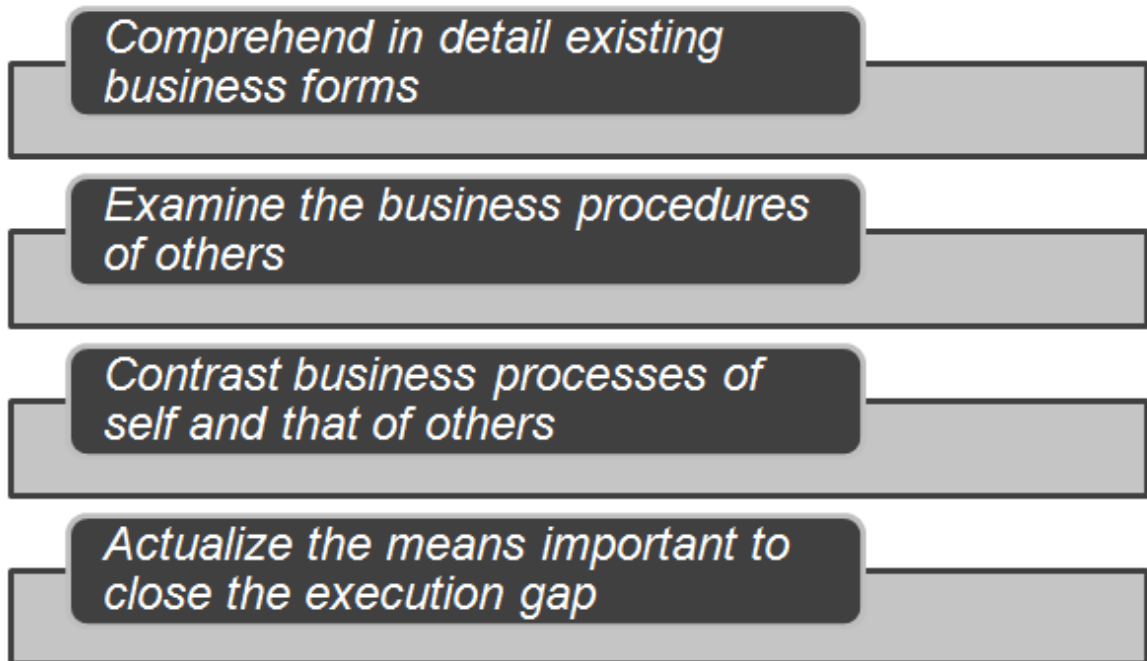


Figure 2: Key Advances in Benchmarking

Benchmarking ought not be viewed as an irregular exercise. To be compelling, it must turn into a continuous, fundamental piece of a progressing change process with the objective of staying informed concerning consistently enhancing best practice. This has become so appealing with the increasingly widening gap between companies with average performance and best in class companies. Many companies which are termed best in class have many a times similar strategies. Many best practices appear to take a stab at things like consistency, institutionalization, streamlining the procedure, zero redundancies, utilizing innovation, single source for all information ,etc.

Indian Biscuit Industry

India Biscuits Industry came into real presence and began picking up a sound status in the bakery industry in the later piece of twentieth century when the urbanized society called for readymade nourishment items at a valid cost. Biscuits were expected as sick persons eating regimen in early days. Today it has turned out to be a standout amongst the most cherished fast food items for each age gathering. Biscuits are constantly simple to convey, great to eat, cholesterol free and sensible at cost.

States that have the bigger consumption of biscuits are



Figure 3: States with highest consumption of Biscuits in India

Maharashtra and West Bengal are developed industrial states, holding the greatest measure of utilization of biscuits. Indeed, the rustic division expends around fifty five percent of the biscuits in bakery items.

Some of the parameters for assessing the Sales and Distribution practices to break down the business best practices for Biscuits are:

- Servicing Schemes
- Credit terms
- Delivery framework
- Deals rehearsals
- Loyalty Program
- Visibility arrangements executed

With this intent of understanding the best practices for benchmarking , the practices of the following companies are considered in this study:

- Britannia Industries Limited
- Parle Products Private Limited
- ITC Limited
- Patanjali Ayurved Limited



Methodology of Research

Scope of the study:

Functional Scope:

- The research will be carried out for identified companies in order to improve its current practices in sales & distribution.
- The sample is also limited to retailers who are the category handler of Biscuits.

Geographical Scope:

- The research is restricted to the geographical limits of the Nagpur city.

Objectives:

- To conduct a detailed analysis and to compare S&D practices of the identified companies, with respect to Biscuits on the parameters mentioned.
- To recommend list of industry best practices for Biscuits companies.
- To understand the retailer's perspective towards leading brands.
- To uncover the gaps in the sales & distribution infrastructure.

Rationale of the study:

There is an absence of or poor Sales infrastructure by some of the potential Biscuit manufacturers in Nagpur. Retailers face problem in the availability of the required variants of a particular brand in the required quantity which results in sales loss for the company and it may leave the customer unsatisfied. There is a lack of special focus on enhancing the visibility of products in an outlet by the use of merchandising material. The stocks which do not sell out before the expiry are not taken back or replaced by some of the companies which lead to an unnecessary block of capital in dead stock.

Analysis of the S&D practices of the market leaders in the biscuit industry would help to evaluate the drawback in their existing system.

This study focuses on clarifying the biscuit companies to understand the Retailers' needs. The study helps to benchmark the industry best practices for Biscuit companies. There is a gap between the way the retailers need to be serviced and the current servicing norms. There is cut throat competition for acquiring that extra market share, may it be in fractions, just to acquire the place on the pinnacle.

Research Design:

Research Methodology includes the type of primary and secondary research used for this project i.e. the way in which the data is collected for the research project. In this study, the primary data would be collected from the retail channel and the secondary data would be collated from the Books, published reports, journals, magazines & internet. The sampling can be done by working on the beat wise outlet list of all the category handlers of biscuit in Nagpur. The responses can be collected from the retailers through questionnaires. Along with the questionnaire as a tool for research, Interview technique would also be applied to gather information from the authorized distributors or company officials. A third method would be applied to get the primary data which is called spot test. These methods would help to analyze the current practices and their effect on trade and business. The nature of effect would decide whether it can be a part of Best Practices.

Research can be Exploratory, Descriptive or Casual type. Descriptive Research is carried out with definite objective(s) and hence it results in definite conclusion. This research tries to describe the opinion of the retailers on the S&D practices of the biscuit companies. This research would also



involve the analysis of literature and secondary data on Biscuit industry. Thus to carry out this project Descriptive Research Design & Exploratory Research design is applied.

Hypothesis:

- H1: There is a lack of best practices in retailing of biscuits.
- H2: There is no significant difference in the practices followed by the companies in Biscuit Industry.

Universe of the Study:

The universe of the study is all retailers, customers/consumers, wholesalers & companies present in the Nagpur region only.

Sampling Plan:

There are around 3600 retail outlets that sell biscuits. In this study we will randomly select a sample of about 15% of the universe, i.e., 500 retailers from Nagpur. As the study is limited to Nagpur city, all the samples will be randomly selected from Nagpur city only. The effect of the practices followed by the companies ultimately results in the satisfaction or dissatisfaction of the end user. Hence to cross check the data collected from retailers another data of around 500 consumers will be taken through another survey. The sample that would be collected will be a representative of the universe. This study involves detailed research of the systems & processes of leading biscuit companies and covers a study period of 10 years commencing from 2003.

The list of retailers serviced by one of the biscuit companies is acquired and the route list would be followed to generate responses from the retailers using questionnaire about the sales & distribution practices of all the biscuit companies.

Data collection:

▪ **Primary data:**

Primary data collected from dealers(retailers) through schedules and questionnaires. It was gathered by discussions / interviews of Authorized Distributors, Sales representatives & company officials. Data would also be collected by spot test wherein the activity and response of customers & retailers are observed and noted.

- Questionnaire
- Spot Test
- Personal Discussions / Interviews schedules

▪ **Secondary data:**

Secondary data is the one which is collected from existing records or previous studies made by others in the topic in question. In this Study, the secondary data would be traced from the following sources:

- Books, Journals & Magazines
- Authentic reports from A. C. Neilson
- Office records of identified companies
- Annual reports and online articles of companies

Limitations of the study:

- The geographical location of the study is limited to Nagpur city only.



- The primary data will be collected through questionnaire from retailers. The elicited information will be completely based on their personal experience.
- Since the data will be collected from more than one source, there may be slight discrepancies between one source and the other.
- While computing the percentages and averages the figures will be approximated. Sometimes the totals may not exactly tally.

Research Testing Results Based on Data Analysis and Interpretation

To study the hypothesis, “There is a lack of best practices in retailing of biscuits” one way ANOVA test is applied taking Best Selling Brand as fixed factor and Means of various Best practices like product knowledge, Regular visits, Support, supervisor’s visit, credit facility, replacement policy, retailer schemes, loyalty program and timely delivery as dependent factors where following results were obtained:

From the above table it was found that, the significance value obtained in case of product knowledge, regular visits and timely delivery is more than the alpha value of 0.05 ($p > 0.05$) which states that companies follow basic practices like having product knowledge, giving regular visits and providing timely. Such practices are followed by almost all the brands, but in case of some motivational practices like providing sales support, regular visits by supervisors, proving credit facility, giving damage/expiry replacement, offering retailer schemes, and running loyalty programs the significance value obtained is less than the alpha value of 0.05 ($p < 0.05$) this states that the best-selling companies are not been able to provide these facilities and hence it can be concluded that they lack best practices.

Thus from the above, it is concluded that the hypothesis “There is a lack of best practices in retailing of biscuits” is accepted.

To test the hypothesis “There is no significant difference in the practices followed by the companies in Biscuit Industry” one way ANOVA test is applied taking Bestselling brand from your outlet as fixed factor and various factors of best practices like Best visibility, Fastest delivery, Best profit margin, most attractive retailer schemes and personal touch with customer as dependent variables, where following results were obtained.

Following points were analysed:

- Britannia has the highest preference in case of Best visibility activity/outlet branding whereas Parle has least preference in this case.
- The preference over delivery time taken by various brands is almost similar except in case of ITC which has the highest preference.
- According to the respondents, Britannia is the highly preferred brand in terms of profit margin and ITC is least preferred.
- The satisfaction of respondents is highest in case of Parle for providing many attractive schemes to the retailers and again ITC is least preferred in this case.
- The satisfaction of respondents is highest in case of Patanjali for providing most attractive visibility schemes to the retailers and again ITC is least preferred in this case.
- However, in case of providing personal touch to the retailers it was found that the mean value of all the brands is almost similar to each other.

The above table shows that; various biscuit brands show significant difference in case of Best Visibility activity/outlet branding; Best profit margins in terms of income; most attractive retailers schemes run by these companies and most attractive visibility schemes run by these companies, since the significance value obtained is all the above cases is less than the alpha value of 0.05 ($p < 0.05$) and hence the hypothesis is rejected.



However, the various biscuit brands have not shown any significant difference in case of Delivery time taken by these companies and also in case of personal touch given to retailers by these companies.

Conclusions of the study

Biscuit brands show significant difference for best visibility activity, outlet branding; Best profit margins in terms of income; most attractive retailers schemes run by these companies and most attractive visibility schemes run by these companies. Best Selling Brand have various Best practices like product knowledge, Regular visits, Support, supervisor's visit, credit facility, replacement policy, retailer schemes, loyalty program and timely delivery .which can be benchmarked as best practices across the industry.

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