

# SALE—A PROFILE

*An Introduction to Sales Management  
in Retailing*

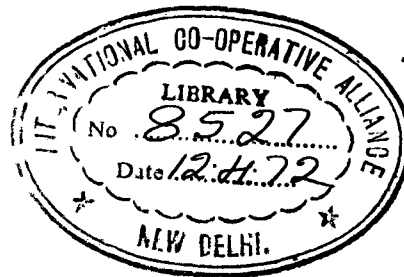
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Selling is not mere distribution. Selling is distribution "plus". It is difficult to explain precisely the distribution plus. However, the book is an attempt to catalogue a few of the items that may fall within the category of the distribution plus.

The book, besides, dealing with the aspects of location, assortment, pricing, selling systems, lay-out, location of goods, display, salesmanship etc.—basic to retail establishment, deals with the more important and less practised aspects such as conducting of feasibility study, sales promotion through sales budgeting, sales planning etc. The subtle selling techniques such as silent selling, window display, clearance sales etc. are dealt with in a simple language. The book also deals with staff training, customer relations, shop hygiene and cleanliness etc. The organisational requirements including inter-firm comparison are dealt with in a style which can be easily assimilated by the man in the field—the retailer, the shop assistant etc.

Rs. 20.00

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## **P R E F A C E**

Selling is not mere distribution. In some setting distribution may be the aim; yet in another system selling as a means for distribution may be necessary.

Selling is distribution plus. What is this "plus" is difficult to explain. The distribution differs from country to country, place to place and shop to shop. A generalisation is difficult and may come under a road-roller with all what it means.

Nevertheless, a few of the fundamentals capable of functioning as tools to discuss the distribution-plus are common to most situations.

This is a modest attempt to catalogue a few of the items that may fall within the category of the distribution plus for those involved in the noble task of protecting the consumer interest through the application of business techniques in the distributive trade.

It is a matter of urgent import that the techniques brought out here are used in a systematic manner well integrated by discussing and involving the personnel at different levels so that they can produce substantial results-benefits accruing to the nation, the customer, the management and the employees of the store.

The authors are aware of the limitations of this book in content and form. But, if this can create an awareness among the cooperators and retailers otherwise interested in an exciting service motto through business practice and efficiency, the time and effort spent would have achieved its aim.

Ragnar Arvidsson

New Delhi, India  
February 1, 1972

S. Dandapani



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## CHAPTER I

### *Introduction*

1.01 The volume of retail trade is phenomenal ranging between 30% and 50% of G.N.P. (Gross National Product) in any country. A consumer organisation entering into the market with a view to covering a part of the retail trade for protecting the consumer interest should be able to establish itself in a manner in which it can function effectively. Anyone entering into retailing should have an eye on the volume to be covered not only for purpose of economic viability under business considerations but also to cause the needed demonstration effect with a view to rationalising the retail trade as a whole. Unless accompanied by a clear cut well defined objective with the necessary wherewithal, know-how and capital, a retail shop may remain one in thousands of the little known, the less cared and much less feared.

1.02 The consumer movement in most developing countries has been in existence for quite some time. Nevertheless, it has only 2% to 3% coverage as a whole of the retail market. Even in urban areas where the movement has

made some progress, the coverage ranges from 5% to 8% only. The only country in the region that has made some progress is Japan where consumer cooperatives aim at a larger coverage as a means to rationalising the retail trade.

The consumer movement has to take several steps to achieve its objectives and in the order, techniques of sales management assume priority.

1.03 Retailing today is a difficult and challenging task due to modern techniques, stiff competition and increased purchasing power of the consumers. As the retailers are entirely dependent upon their customers, one has to learn more about customers demands, their behaviour, their impulses and impressions through careful observation and by listening to them.

1.04 Customers and potential customers of today are better informed than before and are able to understand the various information presented to them through different communication media, concerning quality, price, assortment, usefulness etc. Further, customers are becoming increasingly conscious of their importance to the retailers, and their rights as consumers. This has changed the market position from a sellers' market to a buyers' market in most countries. In other countries where the sellers' market now prevails the position is rapidly under transformation to buyers' market.

1.05 The customers are becoming more and more aware of the changed trends towards the buyers' market. Apart from the fact that they are becoming very choosy they are also forming more or less permanent impressions of certain shops. Out of these impressions, shops are often compared rightly or wrongly with each other, and ultimately it is these impressions which determine the choice of a shop by the potential customers for patronage.

1.06 The basic considerations for such impressions of

shops are, among others, the following :

- (a) Assortment, price, and quality of goods in the shop;
- (b) Location of the shop;
- (c) Advertising and public relations activity of the shop;
- (d) External appearance and side of the building in which the shop is located. (It is the shop front which attracts the people's attention);
- (e) The internal arrangements in the shop including interior decoration, colour and light schemes etc.;
- (f) The salesmen and their behaviour towards customers;

1.07 People require all sorts of articles of varying quality. When customers go to buy a particular article, they often like to select and in the process surely visit a number of shops before they make a purchase. The final choice of the shop, where customers will make their purchase, will depend upon not only the availability and the quality of the articles demanded, but also the price and several other factors including the time at their disposal as well as their impressions of the various shops.

1.08 If the customers form a good impression of a co-operative store, they will make most of their purchases from such a store. One must, therefore, try to show the distinct characteristics of a cooperative store with a view to convincing the customers that cooperatives are not only different from the competitors, but are also better than the other retailers.

1.09 The executives, who are running the business of the cooperative store may not have the same opinion of the store's characteristics as the customers may have. For example, the executives may perhaps consider that dividend is the most distinctive characteristic of any cooperative store, but to many customers what is important is not the dividend but the assortment of goods, prices, the salesmanship, etc., in the store. The public are really interested in what the cooperative store has to offer in goods and services than in its aims and objectives and the way these are achieved.

1.10 It will not help the cooperative store merely because the name of the "cooperative" is exclusively associated

with concepts like “dividend”, “struggle”, “Rochdale”, “Cooperation” or “membership”. These terms only indicate the objectives, the means and the history, and do not have much to do with what the customers look for or find in a cooperative store.

1.11 Customers do not come to a cooperative store driven by a desire to try out a different economic system, but rather they come looking for pre-packed goods of good quality at reasonable prices in the right environment etc. They are not so much interested in “membership” but are certainly interested in the “advantages” that go with the membership. If a cooperative store can give a good service and offer quality goods at favourable prices at the right time and place, the customers will certainly patronize such a cooperative store for their requirements.

## CHAPTER II.

### *A. B. C. of a Store*

2.01 Arising out of the feasibility study, certain tentative decisions are usually arrived at in regard to the area to be catered, the population to be covered, the sales volume to be reached and the yearly percentage of surplus to be gained with a view to ensuring an orderly growth coupled with satisfactory service to the community. While these aims are determined from the available data, it will be necessary to translate them into action by taking several steps in logical manner.

2.02 It is a fact that the organisation of any shop will call for a number of basic steps for bringing it into fruition. Location, assortment, pricing, layout, display, etc. are basic steps to be taken for establishing any shop; but, if adequate care is not exercised from the beginning relating the provision to the aims of the feasibility study, it will not only become difficult to achieve even a part of the target but also may turn out to be a costly experiment resulting in avoidable losses, fall in sales and bad reputation among the customers.

2.03 Every one of the aspect mentioned above calls for a

detailed examination, a programme and a planned action programme for implementation. Time, effort and money spent on this initial planning will pay handsome dividend in not only going as close to the feasibility study as possible but also in achieving the objectives of the consumer co-operative stores, namely service to the community.

2.04 These aspects are discussed in Chapters IV to XV. While proper implementation of the steps envisaged in these chapters might ensure about 60-70 per cent of the total volume of sales aimed in the feasibility study, the remaining 30-40 per cent can only be achieved if the store comes out in a big way for sales promotion which is dealt with in chapters XVI to XXII.

2.05 Retailing is a highly complex business organisation and will require not only adequate planning in regard to premises, assortment, etc., but also the right degree of motivation among the staff. These aspects are also covered in the last few chapters briefly.

## *Feasibility Study*

3.01 Preparation of a feasibility study is an essential exercise before opening a new shop, supermarket or any other retail outlet. It is an extremely important task for the management, as the new retail outlet will, to a very great extent, affect the future of the society's performance and the services the society can offer to its members. Opening a branch without a proper feasibility study should be treated as a serious lapse on the part of the management. Of course, a feasibility study cannot be conducted by each society as it requires a good deal of expertise and basic research, but it is nevertheless a very challenging task for the national consumer federation. To be able to have a sound development of the consumer cooperatives in each country, it is of utmost importance that the national or regional federation should soon realise the importance of feasibility studies so that they could make the necessary arrangements for undertaking the same.



3.02 A feasibility study should be based on the following :

- (a) previous experiences;
- (b) present statistical data and environmental factors which at present affect the business; and
- (c) future planning (and proposed development) within the area of operation.

Considerable information has to be gathered in detail for a feasibility study, some of which are described in the succeeding paragraphs.

#### *Number of Inhabitants*

3.03 As the human being is the most important factor in a consumer society, one has to study the development of the inhabitants within the area concerned. The number of inhabitants should be grouped in various geographical areas in which they are living: example, the central area and the surroundings, the latter to be split up in various sub-areas. It is of extreme importance, depending on what kind of outlet one is planning to establish, that geographical areas are as small as possible in size, which will facilitate collection of detailed information.

3.03.02 It is not only necessary to know the present number of inhabitants within an area, but also should get an idea about its possible increase in population in the next 5 or 10 years. It is also necessary to see as to what would be the future trend in this respect. The question, one has to ask is whether the increase in the number of people will be maintained at the last year's level or the increase will be affected by some other outside factors. Perhaps, a new factory may be started within the given area or perhaps a new university may be established. All these factors have to be taken into consideration and approximate timing for each factor has to be estimated.

3.03.03 Let us suppose that we have today within a cantonment or a town, 20,000 inhabitants and the population increased at the rate of 10 per cent per year during the last six years. How many people will stay within the canton-

ment area during, say 1970, 1973 and 1975? With the help of information concerning outside factors, one can probably visualize the future trend in the increase of population and also the expansion which is likely to take place within the area.

#### *Number of Members*

3.04 We have already an estimate of the potential consumers which we can assume will, to a very great extent, make the purchases from the society/shop. It is, therefore, of immense importance to group them in the same way as the number of inhabitants has been grouped. We can come to know where these members are living within the area, and what is the average number of members in their families. This will give us the number of inhabitants already connected with the consumer cooperatives. We can then compare this number of people (members and their families) with the total number of members within the area/areas. This will result in a very interesting and useful information.

3.04.02 Let us assume that we have 1,000 members in a society, each member representing a family, the number of people in each family is 5, it means that 5,000 people are connected with the consumer cooperative movement. If there are 20,000 inhabitants within the area concerned and 5,000 of the inhabitants are already, in some way or the other, connected with the consumer cooperative movement, then we have a fixed target group, amounting to 25 per cent of the inhabitants, whose requirements have to be met.

#### *Purchasing Power*

3.05 When we have assumed the number of people, the next step would be to find out their purchasing power, not only total purchasing power, but also their purchasing power within the various lines of merchandise. However, this kind of statistics is difficult to get, but as it is of utmost importance to have some idea about the consumption pattern, one has to try to find out some data. One can,

for example, interview a few persons who may represent the cross-section of the membership and ascertain from them the money spent on various types of goods they purchased during a year or a month. This basic information could then be converted into norms/standards, which, of course, have to be tested and developed further. But it is better to have some standards to compare till such time when something more about the consumption pattern is known. Some university or governmental institutions might also have undertaken some research about the consumption pattern in the country/area which could give useful information on the subject. In the alternative, the society may undertake a study through, what is known as, community self-survey.<sup>1</sup>

#### *Increase in Consumption*

3.06 In areas, where the service-class lives, the salary-earners get annual increments resulting in some increase in their net income. Out of this yearly increment, one will try to save some part, but most of the increment goes to consumption. This yearly increment will, of course, affect the future consumption pattern, but it is difficult to forecast the quantum of such increment and the manner in which it will change the consumption pattern. So far as the increase in consumption is concerned one has to see the previous trend and analyse the outside factors which can affect and change that trend. Thereafter, one has to take the available information and fix standards for future increase in consumption.

#### *Change in Money Value*

3.07 Another important thing which will affect the retail trade is what we can get out of each rupee, dollar or a pound. It happens some times that the value of each rupee, dollar or a pound increases or decreases and every

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1. For details the reader is referred to "Fundamentals of Social Survey and Research Methods" by S. Dandapani—Scholars foundation, Delhi. 1971, p. 19.

year more or less the value of money in terms of purchasing power is coming down to some extent. If we assume that the money value decreases by 2 per cent each year, one must keep in mind that the total sales have to increase by at least 2 per cent in order to maintain the same volume of business as in the previous year.

3.07.02 The previous and present consumption unit per inhabitant plus the increased consumption, change in money value, etc., should be converted into standards, e.g., consumption unit of food per inhabitant and consumption unit of non-food per inhabitant. If one is able to get detailed information, then one can of course split up the food and non-food items into different sub-groups.<sup>1</sup>

3.07.03 Now we have the basic information for a feasibility study. We know the development of the inhabitants; we have an idea of consumption rate per inhabitant; we also know the number of members and people who are already connected with the consumer cooperatives and their assumed development. If we multiply the number of inhabitants with the amount of consumption units<sup>2</sup> per inhabitant, we will have a fair idea of the total consumption potential within the area under study. After grouping this information into sub-areas, we will have a further detailed information. We can also calculate the members and their families, their total consumption in relation to the total consumption potential within the area and sub-areas, which will give another interesting and useful pointer.

3.07.04 Sometimes one wants to check the consumption pattern in such a way that one may find out the area where the customers make most of their purchases. It is possible that some may buy some lines of commodities from the same area and some in different areas. The consumption potential tells us that they are to consume so much quantity of goods within the area in which they are living, but not where

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1. The more detailed the information, the greater the accuracy of the feasibility study and so its usefulness.

2. For details the reader is referred to "Perspective Planning in Retailing — A Swedish Experiment" by R. Arvidsson. ICA 1971.

they are likely to spend their money. It will be interesting to know the retail trade<sup>1</sup> within the same area and commodity line. However, it is a difficult task and in many countries where adequate basic documentation is lacking, it is more-or-less impossible to get this information. But if we could collect the data concerning the total sales of each shop within the various areas, split-up in food and non-food items, we could then compare this with the consumption potential.

3.07.05 For example, we could get the following type of information :

- (i) The customers within the area are making their purchases of food from within the same area in which they are living, amounting to approximately 80-90 per cent of the total consumption of food.
- (ii) The retail trade of non-food within the area, except the central area, will amount approximately to 25-50 per cent of the consumption potential, while the non-food sales within the central area amount to anything in between 100 to 300 per cent of the total consumption potential. This information indicates that the customers prefer to make their purchases of food in the same area in which they are living or from an area which is close to their homes. But as far as non-food items are concerned, they prefer to go to the main bazar or the marketing centre which can offer them wider assortment and right environment. These standards differ from country to country, but if we are able to compare the retail trade volume with the consumption within the various areas, then we can see the deviation between the retail trade and consumption, which will further give us interesting and valuable information.

3.07.06 There is one possibility of getting the above information. In more or less each country, shop-keepers have

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1. This is readily available in published form in countries where census of Retail Trade is undertaken periodically.

to pay sales-tax. They have also to give information to the tax authorities concerning the sales turnover during the year. If these figures of sales turnover are made official, then it will be possible to collect the same for different areas, add them up and compare with the consumption. However, one must in such case keep in mind that the private shop-keepers never give correct figures of sales turnover to the tax authorities. They may give information of the sales very approximately covering 70-90 per cent of their real sales turnover. While making comparison, this should be kept in mind.<sup>1</sup>

#### *Transport and Communication System*

3.08 Another important information one has to collect is information about communication pattern within the area. Will something happen in the area which will change the present communication pattern? Will the number of cars, scooters and cycles increase? Will there be any possibility of opening new bus-stands for the public? If so, where will the future bus-stands and terminals be located? Will there be any new trunk routes or other routes which will change the present flow of traffic within the area under study? To stress the importance of the communication pattern, the following examples may be mentioned:

3.08.02 In India, a department store was opened in 1967. It was located very close to a big bus terminal and the sales in the store were extremely good. After one year of its operation, the bus terminal was removed far away from the super market, resulting in that the sales in the super market came down by more than 50 per cent. If the management in that super market were aware of the shifting of the big bus terminal, they should not have located the super market on that site in the first place. In this case the management should have thought on a long-term basis and, if possible, located the super market close to the present location of the bus terminal.

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1. Where the tax evasion is practised on a large scale, this information may be of no avail.

3.08.03 The figures in the feasibility study should be supported by a map for the various areas, indicating the places where the present and future inhabitants and members are expected to stay. The map should also indicate the present communication pattern and the roads within the area concerned. The present and future cooperative shops should also be indicated in the same.

3.08.04 With this information in hand, the management of a society will have a better basis for taking decisions concerning the establishment of a new retail outlet. They should also take into consideration the various outside factors which can affect the business of the society's outlet in the future, such as new shopping centres in the neighbouring areas, etc.

3.08.05 In the enclosed exercise, a feasibility study for one area has been worked out and this contains—

- (i) development of the number of inhabitants;
- (ii) number of members and their family members;
- (iii) their consumption of food and non-food items;
- (iv) total consumption potential within the area under study; and
- (v) members' total consumption potential compared with the total consumption potential within the area.

3.08.06 The present retail business within the area concerned has been assumed and compared with the consumption pattern resulting in an interesting information. This feasibility study is also supported by a map, showing the various sub-areas and the main communication patterns. As can be seen from the map, there is a railway and a traffic route crossing the area and the effect of these two factors in the area could result in a very interesting study and discussion.

### *Competition*

3.09 While undertaking the feasibility study, an attempt should be made to study the sales policies and programmes of the competitors<sup>1</sup> with a view to ensuring an adequate

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1. The more detailed the study in regard to the shopping and sales pattern, the more useful the feasibility study will be.

development and growth to match those of the private retailers if not excel them. Unless a higher aim is set and worked for, it will not be possible to achieve a position in the market which is necessary both from the business and service points of view.

#### *A Hypothetical Feasibility Study*

3.10 In the enclosed exercise and map, we have assumed that the management have analysed the figures in the feasibility study. The approach for establishing the shop, adopted by the management should be the following:

3.10.02 The society will establish a shop which would meet the requirements of the members, as indicated in the feasibility study, plus an additional 25 per cent expected increase in total sales of food, amounting to 9 million in 1970, 12.5 million in 1973 and 17 million in 1975. The sales targets correspond to approximately 18 per cent of the total consumption of food and approximately 20 per cent of the retail trade in food items within the area.

3.10.03 As far as non-food items are concerned, the approach should be to plan a shop with an assortment which can meet about 50 per cent of the members' total requirements and the sales target for the shop in 1970 fixed at around 6.5 million, 10 million in 1973 and 13 million in 1975. The share of the total of non-food consumption be aimed at approximately 18 per cent and in the retail trade about 15-20 per cent. In addition to the above, a canteen may be opened with a selling capacity of 1 million in 1970 to 1973, and 1.5 million in 1975. These figures and aims may look a little optimistic, and it may become necessary to spread them over a longer period for achievement.

3.10.04 In order to manage the future expansion, it will be necessary to plan the shop according to the requirements of the year 1973 and select a building which could later accommodate an additional 30 per cent of selling space required for expansion: We may establish a self-service shop for food items, and, for non-food, we may start dealing in the following lines of merchandise:



- |                      |            |
|----------------------|------------|
| —Ready-made garments | —Shoes     |
| —Cloth               | —Medicines |
| —Household goods     | —Furniture |

3.10.05 The aim for the non-food items should be, as much as possible, to display the goods on a self-selection basis.

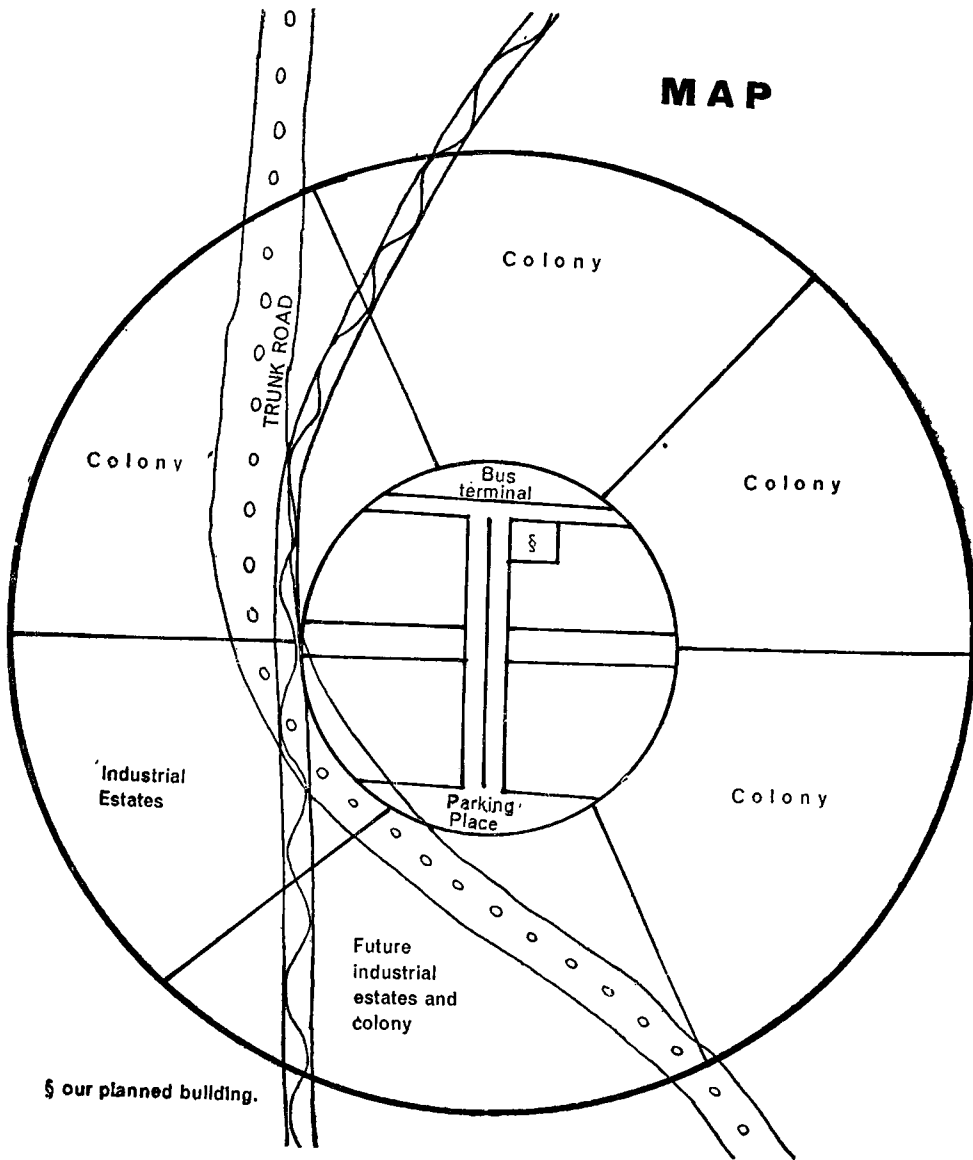
3.10.06 This very shop should be the society's main bazar and later on be supported by small shops in the various localities. The shop should be of a super market character and located in the main market close to the present shopping centre, bus terminals, parking places etc.

#### *Space Requirements*

3.10.07. The next step in the approach to the problem of establishing a new shop is to analyse the requirements of space for running the super market expected to reach the targets fixed by the management. This is, of course, an extremely difficult task and the only way to solve it is through analysis and research of other cooperative super markets so as to find out various norms and standards. One can, for example, find out the norms concerning sales per square metre for groceries, fruit, meat, shoes, cloth, etc. One can also find out norms concerning relationship between various lines of merchandise. One could also find out the demand of store-space and other space for food and non-food departments according to their sales turnover.

3.10.08 In the enclosed exercise, under the heading "Space Requirement Programme", by using norms, the sale of food and non-food items in various departments has been split up to find out the requirements of selling area as well as store-space, etc. As indicated earlier, the space requirement is based on the 1973 sales estimates so as to be flexible enough to meet the future expansion and requirements up to 1980 or so. As will be seen under the same heading, the total selling space needed will be of the order of 2,000 sq. metres and for other purposes such as store-room, office,

# MAP



§ our planned building.



# FEASIBILITY STUDY

AREA \_\_\_\_\_ DATE OF STUDY \_\_\_\_\_ OFFICER IN CHARGE \_\_\_\_\_

	<i>Estimated figures</i>			
	1965	1968	1970	1973
<b>1. NUMBER OF INHABITANTS</b>				
Central area	7000	9000	11000	13000
Index	100	128	157	186
Surrounding	13000	16000	19000	22000
Index	100	123	146	170
Central+Surrounding	20000	25000	30000	35000
Index	100	125	150	175
<b>2. NUMBER OF MEMBERS &amp; THEIR TOTAL FAMILIES (Estimated at 5 persons in each family).</b>				
Central area	2500	3000	4000	5000
% of inhabitants	35	33	37	38
Surrounding	5000	7000	9000	10000
% of inhabitants	38	44	48	46
Central+Surrounding	7500	10000	13000	15000
% of inhabitants	38	40	43	43
<b>3. CONSUMPTION OF FOOD PER INHABITANT (1965 money value)</b>				
Amount	1200	1500	1800	2000
Index	100	125	150	167
<b>4. CONSUMPTION OF NON-FOOD PER INHABITANT (1965 money value)</b>				
Amount	700	1000	1200	1500
Index	100	143	172	215

## Estimated figures

	1965	1968	1970	1973	1975
<b>5. TOTAL CONSUMPTION OF FOOD, INHABITANTS (IN THOUSANDS) (1965 money value)</b>					
Central area	8400	13000	14800	26000	34500
Surrounding	15600	24000	34200	44000	57500
Central+Surrounding	24000	37500	54000	70000	92000
<b>6. TOTAL CONSUMPTION OF FOOD, MEMBERS &amp; THEIR FAMILIES (In Thousands) (1965 money value)</b>					
Central area	3000	4500	7200	10000	13800
% of total consumption	36	38	36	38	40
Surrounding	6000	10500	16200	20000	25300
% of total consumption	38	43	47	46	44
Central+Surrounding	9000	15000	23400	30000	39100
% of total consumption	37	40	43	43	43
<b>7. TOTAL CONSUMPTION OF NON-FOOD, INHABITANTS (In Thousands) (1965 money value)</b>					
Central area	4900	9000	13200	19500	25500
Surrounding	9100	16000	22800	33000	42500
Central+Surrounding	14000	25000	36000	52500	68000
<b>8. TOTAL CONSUMPTION OF NON-FOOD, MEMBERS &amp; THEIR FAMILIES : (In Thousands) (1965 money value)</b>					
Central area	1800	3000	4800	7500	10200
% of total consumption	36	33	36	38	40
Surrounding	3500	7000	10800	15000	18800
% of total consumption	38	44	47	46	45
Central+Surrounding	5300	10000	15600	22500	29000
% of total consumption	37	40	43	43	43

<b>9. RETAIL SALES OF FOOD (In Thousands) (1965 money value)</b>						
Central area	10500	18000	27000	37000	50000	
% of consumption	125	130	135	140	145	
Surrounding	6000	11000	17000	24000	35000	
% of consumption	40	45	50	55	60	
Central+Surrounding	16500	29000	44000	61000	85000	
% of consumption	68	78	82	87	92	
<b>10. RETAIL SALES OF NON-FOOD (In Thousands) (1956 money value)</b>						
Central area	14000	23000	33000	45000	55000	
% of consumption	255	255	250	230	213	
Surrounding	2000	7000	10000	13000	13000	
% of consumption	22	44	44	40	31	
Central+Surrounding	16000	30000	43000	58000	68000	
% of consumption	115	120	120	110	100	
<b>11. ESTIMATED SALES OF FOOD FOR THE STORE UNDER PLANNING (In Thousands) (1965 money value)</b>						
Amount			9000	12500	17000	
% of consumption potential			17	18	18	
% of retail trade			20	20	20	
<b>12. ESTIMATED SALES OF NON-FOOD FOR STORE UNDER PLANNING (In Thousands) (1965 money value)</b>						
Amount			6500	10000	13000	
% of consumption			18	19	18	
% of retail trade			15	17	19	
<b>13. ESTIMATED SALES OF CANTEEN UNDER PLANNING (In Thousands) (1965 money value)</b>						
Amount			1000	1000	1500	

(iv)

# SPACE REQUIREMENT PROGRAMME

(3)

PROJECT \_\_\_\_\_ DATE \_\_\_\_\_ OFFICER INCHARGE \_\_\_\_\_  
 SELLING AREA \_\_\_\_\_

Items	Planned			Actual Performance		
	Sales in million 1973	Sales sq. mt.	Area reqd. sq. mt.	Sales in million	Sales sq. mt.	Area reqd. sq. mt.
Groceries	6.5	20,000	325			
Fruit & Veg.	2.0	25,000	80			
Meat	1.5	15,000	100			
Detergents	2.5	23,000	100			
Cash Desks			59			
<b>Total Food</b>	<b>12.5</b>	<b>19,000</b>	<b>655</b>			
Shoes	1.0	10,000	100			
Readymade garments	1.0	10,000	100			
Cloth	2.0	10,000	200			
Medicines	2.0	10,000	200			
Khadi	2.0	10,000	200			
Household art	2.0	10,000	200			
Books	—	—	—			
Display area			145			
<b>Total Non-Food</b>	<b>10.0</b>	<b>8,700</b>	<b>1,145</b>			
<b>CANTEEN</b>	<b>1.0</b>	<b>5,000</b>	<b>200</b>			
<b>Total Selling Area Food, Non-Food &amp; Canteen</b>	<b>23.5</b>	<b>11,800</b>	<b>2,000</b>			

SPACE REQUIREMENT PROGRAM ME—Continued

<b>NON-SELLING AREA</b>			
Store Room (food)	—	—	250
Store Room (Non-Food)	—	—	450
price marking	—	—	—
Pre-packing	—	—	100
Arrival	—	—	15
Office Artist	—	—	15
Office/Store Manager	—	—	30
Staff Canteen	—	—	20
Office Deptt. Manager	—	—	20
Staff Rest Room	—	—	20
Account Offices	—	—	100
<b>Total Non-Selling Area</b>			<b>1,000</b>
<b>Total Area Required</b>	<b>23.5</b>	<b>7,800</b>	<b>3,000</b>



## INVESTMENT BUDGET

PROJECT _____	DATE _____	OFFICER INCHARGE _____
<b>1. AREA REQUIRED (SQUARE METRES)</b>		
<i>Items</i>	<i>Selling area</i>	<i>Others</i>
Food	655	250
Non-Food	1145	450
Canteen	150	50
Prepacking/arrival	—	100
Offices	—	160
Staff	—	40
<b>Total</b>	<b>1950</b>	<b>1050</b>
<b>2. CONSTRUCTION &amp; SITE COSTS</b>		
Construction costs at 1000 per sq. metre		
Interest on construction time (6 months) at 5%		
<b>Construction costs Total</b>		
Site costs at 100 per sq. metre		
Interest during construction time (1 year) at 5%		
<b>Construction &amp; site costs Grand Total</b>		
<b>3. REQUIRED YIELD (Annual Rent)</b>		
Depreciation interest on annuity at 10% (25 years)		
Running costs at 1%		
Interests on site at 5%		
<b>Total annual yield (Rent)</b>		
		3000000
		70000
		3070000
		600000
		30000
		630000
		3700000
		307000
		30000
		33000
		370000

**INVESTMENT BUDGET—Continued**

**4. INVESTMENTS AND ANNUAL INTEREST ON FURNITURE AND FITTINGS**

Food per sq. metre Total area	500	450000
Non-food per sq. metre Total area	300	480000
Canteen per sq. metre Total area	208	40000
Total (per sq. mt.)	280	970000
Annual interest on fittings cost (annuity 20%)		194000

**5. STOCK INVESTMENTS AND ANNUAL INTEREST**

Food (stock turnover 20 times)	450000
Non-Food (Stock turnover 5 times)	1300000
Canteen	—
Total	1750000
Annual interest at 5%	87500

## WORKING BUDGET—PRELIMINARY

PROJECT \_\_\_\_\_ DATE \_\_\_\_\_ OFFICER INCHARGE \_\_\_\_\_

### WORKING BUDGET FOR 1970 (amount in thousands)

	Food Amount	%	Non-food Amount	%	Canteen Amount	%	Total Amount	%
Sale total	9000.0	100.0	6500.0	100.0	1000.0	100.0	16500.0	100.0
Gross surplus	720.0	8.0	975.0	15.0	200.0	20.0	1895.0	11.5
Salaries	225.0	2.5	195.0	3.0	50.0	5.0	470.0	2.9
Other running costs	180.0	2.0	195.0	3.0	30.0	3.0	405.0	2.4
Rent	135.0	1.5	205.0	3.2	30.0	3.0	370.0	2.3
Furniture/fixtures	90.0	1.0	96.0	1.5	8.0	0.8	194.0	1.2
Interest on stock	22.5	0.2	65.0	1.0	—	—	87.5	0.5
Contribution Overheads	67.5	0.8	219.0	3.3	82.0	8.2	368.5	2.2

### WORKING BUDGET FOR 1973 (amount in thousands)

Sales	12500.0	100.0	10000.0	100.0	1000.0	100.0	23500.0	100.0
Gross surplus	1000.0	8.0	1500.0	15.0	200.0	20.5	2700.0	11.5
Salaries	312.5	2.5	300.0	3.0	50.0	5.0	662.5	2.8
Other running costs	250.0	2.0	300.0	3.0	30.0	3.0	580.0	2.5
Rent	135.0	1.1	205.0	2.0	30.0	3.0	370.0	1.6
Furniture and fixtures	90.0	0.7	96.0	1.0	8.0	0.8	194.0	0.8
Interest on stock	32.0	0.3	100.0	1.0	—	—	132.0	0.6
Contribution Overheads	180.5	1.4	499.0	5.0	82.0	8.2	761.5	3.2

**WORKING BUDGET—Continued**

**WORKING BUDGET FOR 1975 (Amount in thousand.)**

Sales	17000,0	100,0	13000,0	100,0	1500,0	100,0	31500,0	100,0
Gross surplus	1360,0	8,0	1850,0	15,0	300,0	20,0	3510,0	11,2
Salaries	425,0	2,5	390,0	3,0	75,0	5,0	890,0	2,8
Other running costs	340,0	2,0	390,0	3,0	45,0	3,0	775,0	2,5
Rents	135,0	0,8	205,0	1,6	30,0	2,0	370,0	1,1
Furniture and fixtures	90,0	0,5	96,0	0,7	8,0	0,5	194,0	0,6
Interest on stock	42,5	0,3	130,0	1,0	—	—	172,5	0,5
Contribution Overheads	327,5	1,9	639,0	5,7	142,0	9,5	1108,5	3,7

**INVESTMENT VOLUME**

	<i>Total</i>
Building	3,700,000
Furniture/fitings	970,000
Stock	1,750,000
<b>Total Amount</b>	<b>6,420,000</b>



staff room, staff canteen, etc., it will be of the order of 1,000 sq. metres. In this way, the total area required will be 3,000 sq. metres. The average sales for selling area will be Rs. 11,800 per sq. metre and the average sales per total area will be Rs. 7,800 per sq. metre for the year 1973. If we calculate the future sales per sq. metre for selling area and for total area, we will probably get an idea as to how long this super market can stand without any expansion of the existing area (space).

3.10.09 As indicated earlier, in addition to the 3,000 sq. metres, it will be necessary to construct the building in such a way that we may expand the area with another 1,000 sq. metres either through additions of one or two floors or by adding the area in the ground level.

#### *Investment Budget .*

3.10.10 After getting an idea about the area needed and where to locate the shop, we have to examine the financial implications involved in setting up a super market. The various implications will be as follows:

- (a) Are we going to construct our own building or will it be on the rental basis?
- (b) What will be the net investment in buildings, furniture and fixtures and stocks? Even this investment budget can be prepared according to analysis and by working out norms and standards. For example :
  - (i) What will be the construction cost per sq. metre?
  - (ii) What will be the site cost per sq. metre and what is the estimated life of the building?
  - (iii) What will be the investment requirements for furniture, fixtures per sq. metre, total area for food and non-food and canteen?
  - (iv) What will be the stock turnover (based on retail price) for food and non-food items?

3.10.11 By adopting these norms on the said exercise, cost of construction on the basis of cost per sq. metre has been calculated and included in the investment budget.

It will work out to 1,000 per sq. metre, resulting in that the total construction of building costing 3 million. We are going to buy a site of 6,000 sq. metres (which can meet the future expansion and also space for parking etc.) And the cost of land will be Rs. 100/- per sq. metre. Thus the site cost will amount to Rs. 600,000. When we have calculated the interest on the above capital during the period of construction of the building, the total construction and site will cost approximately 3.7 million. We have also assumed that the building will be in existence for 25 years, which means that yearly depreciation and interest (annuity) will work out to approximately 10 per cent. In addition to this, we have the maintenance costs on the building, which have been calculated at the rate of 1 per cent of the construction cost. The interest on the site investment will be 5 per cent.

3.10.12 The total annual yield (rent), which the management has to pay for such a site, including the building, will amount to Rs. 370,000/- *i.e.* 1.6 per cent of the sales estimated for 1973.

- (a) With this figure in mind and the availability of a suitable site, the management has to find a building in a suitable location which will have an area of 3,000 sq. metres and the possibility to expand after ten years with additional space of about 1,000 sq. metres.
- (b) The second alternative should be to try to find out a site in a suitable location on which the management can construct a building to meet the requirements and within the budgeted investment.

3.10.13 With these alternatives in mind, the management has to analyse the advantages before arriving at a decision. In addition to the above, one has to invest in furniture, fittings and stock and this investment will be the same in both the cases.

#### *Working Budget (Operational Budget)*

3.10.14 The working budget is an estimate in which the eco-

conomic implications of the said project has been taken into consideration and this working budget should not only cover the first year's operations, but also some years in the future. The budget will be based on the figures of sales targets fixed by the management and also on the standards so far as gross surplus, salaries, rent, depreciation of furniture and fixtures, interest on stock and other running expenses. This working budget will give to the management an idea about the economic implications of implementing the said project.

3.10.15 As will be seen in the exercise under the heading "Working Budget", the economic implementation of the said project is rather favourable. The working budget for 1970 results in the contribution towards the overheads by 2.2 per cent for 1970, 2.3 per cent for 1973 and 3.7 per cent for 1975.

3.10.16 The figures in the exercise are rather high and perhaps unrealistic as it happens very often that the economic implication of establishing a new shop will be, that during the first one or two years, the shop will find it difficult to contribute towards the overhead expenses. However, it should be a target for each new project that at least after two or maximum three years of operation, it should be able to contribute to the overheads and create net surplus.

3.10.17 If such a detailed study is undertaken, as presented in this paper, before the management takes decision concerning the establishment of a new shop, there will be greater possibilities of overcoming the problems and of establishing a shop which will meet the customers' demands in the foreseeable future.

3.10.18 With these figures in mind, one has the necessary information for establishing a shop. One can then easily go to an architect and say, "I want you to plan a building on this site. It should be a one-storey or two-storey building. There should be 2,000 sq. metres available for selling operations, and another 1,000 sq. metres for storing, etc. as provided for in the budget for "Area Requirements." The building should be so designed as to allow for a 30 per cent increase in the total area, *i.e.* approximately 1,000 sq.



bute much to the success of the consumer cooperative movement in the country.

3.12 In this context, it may be stated that the organisation of super markets, department stores, etc. under the cooperative structure in Japan was preceded by an adequate feasibility study, and as a result they are able to achieve their objectives to a large extent. Recently, the cooperative movement in Malaysia also undertook a feasibility study for the establishment of a nation-wide network of super markets.<sup>1</sup>

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1. The reader is referred to "Super market on Cooperative Lines in Malaysia-a Feasibility Study" by R. Arvidsson, ICA, 1970.

metres for possible expansion either by way of adding one or two additional storeys or by adding to the ground floor structure. The maximum amount of money available under the budget for buildings is as shown in the "Investment Budget." This kind of information helps the architect to design the building to suit the requirements of the shop. The management can also feel sure that when the building work is over, it will not be taken by surprise with high construction costs.

3.10.19 The society also knows how much money they would need to invest in the building, for furniture and fixtures, and for stocks. They will be in a position to make necessary preparation for keeping the money ready for investment (by borrowing, by enrolling more members, etc.)

3.11 As can be seen from the above, a feasibility study, the location, the area requirements, the investment needs and the working budget for a new retail outlet is of utmost importance in order to be able to take a sound decision. A shop planned in such a way will, probably, offer the right kind of services to the customers. This will result in the development of the society as well as consumer cooperative movement on sound lines. However, undertaking such a study and laying down the various norms and standards cannot be done by each society. This is a task which must be performed by the National or Regional Consumer Federation and therefore it is of extreme importance that the federations create a separate department for consultancy services whereby services to member societies in planning and setting up new retail outlets could be rendered. In countries where national federations have realised the importance of consultancy services to member societies, the whole consumer cooperative movement in those countries has been singularly successful. The establishment of a new retail outlet should always be preceded by a feasibility study to avoid financial losses and failures. The national consumer federation should start consultancy services backed by a well organised research department for member societies which will contri-

## *Location*

4.01 Proper location of the store is one of the most important basic needs and has to be given due attention at the time of planning the store. Wrong location will be difficult or more or less impossible to rectify at a later stage. A wrong location will result in a constant fight against uneven odds by the store and its management.

4.02 While locating the store, various factors concerning the business area have to be taken into account, such as, number of inhabitants, number of members, purchasing power per inhabitant, buying habits, transport facilities and competition. Not only the present conditions governing these factors, but also the possible future changes have to be analysed. In India, a store located opposite to a bus stand achieved good sales. After two years of its operation the bus stand was shifted, and the sales of the store dropped by 50 per cent. This example gives an idea about the importance of a good location and of the fact that one has to forecast the changes which can take place within the business area in a reasonable period.

4.03 A customer is probably not interested in walking more than a maximum of 500 metres to reach the store. If the store is located more than 500 metres or so from the customer's residence or place of work, etc. he/she would prefer to use some transport. In that case, it would sometimes be more convenient for the customer to go to another shopping area than to the nearest store due to better transport facilities etc.

4.04 Customers are bazar-minded, and they want to make their purchases of non-food items, to a very great extent, from the main bazar, and purchases of food and other daily needs from shops close to their residences. While proposing to establish a shop, one must take these factors into consideration.

4.05 In the case of an expanding town, the central area may be getting congested, particularly from the traffic point of view. In such a situation, it will be necessary to plan the store location either in a shopping centre outside the central area if already planned by the town planners or alternately influence them for a suitable location for such business centre. In areas where the number of cars etc. are high, and the cars are important from the point of view of clientele, it will be necessary to establish a super-market which will have transport access together with parking facilities. If such a store is not a part of the shopping centre, the store by itself must be of the size that it can attract customers on its own performance. While locating a store away from the busy area, there is an advantage of lower cost of land which may influence the pricing policy of the management. A store so located may have an assortment specially tailored to its customers.

4.06 There are several factors which have to be taken into consideration before locating a store. They are:

- (a) How shall this retail outlet fit into the total network of cooperative shops within the area ?
- (b) Is this very retail outlet going to be the main super market dealing in a variety of food and non-food items?
- (c) Is it going to be the main super market in one of the larger colonies?

- (d) Is it going to be a food shop dealing mainly with daily needed items located in a small colony?
- (e) What type of customers/members are living within the area where the shop is going to be located ?
- (f) What kind of assortment do they expect?
- (g) Do the customers belong to the middle income or the lower income groups?
- (h) Are these people used to making their purchases from a self-service shop?
- (i) How many members are living within the area? What is the total consumption potential of the members?
- (j) What has been the total purchases of these members in other cooperative stores of the society?
- (k) What about the competition within the area? Who are the strongest competitors? What are they dealing in? What are their sales policies? What is the size of the strongest competitor's shop?
- (l) What is the communication and transport system within the area?
- (m) What will happen to the neighbouring areas in future?
- (n) Will the area, where the shop is going to be established, be able to attract customers from outside it?
- (o) What is the present retail sales within the area concerned?
- (p) Which are the main bus stands in the area and where are they located now and will be located in future?
- (q) Which are the present and future parking places?
- (r) Is there any possibility of changing the bazar to some other area in future?
- (s) What will be the sales of this very shop which we are going to establish?
- (t) What kind of commodities will this shop deal in?
- (u) What will be the various services the customers would expect from us?
- (v) Are we going to adopt self-service system or not?
- (w) Will the site lend itself for future expansion both for business and parking?

4.07 One cannot, of course, get ready-made answers to all these questions<sup>1</sup>. But one must keep these in mind and give some room for flexibility in the decisions so that there is scope for adjustments in the shop's business and internal environment in changed circumstances.

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1. The questions listed are not exhaustive; they are only illustrative. The process of asking these and several similar questions is as important as the progress made in finding the answers. This helps the management to minimise the errors and maximise the chances of success.

## *Assortment*

5.01 The successful management aims at formulating an assortment policy which ensures *optimum coverage of customer demands, high sale turnover, and low investment in stocks.*

*How to Determine the Right Assortment?*<sup>1</sup>

5.02 Right assortment can be determined by :

- Carefully studying the demand patterns and trends of customers,
- Interviewing customers to find out their income patterns, age group, educational, social and occupational background, consumption pattern etc.
- Collecting and co-relating the many enquiries made by customers at the sales counters. This can be done by asking the salesmen to inform the management about the articles which could not be supplied to the customers.
- Visiting competitors' shops.
- Keeping in touch with the representatives of manufacturers/suppliers producers, etc.

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1. For a Case Study, the reader is referred to Pamphlet No. 1 of National Cooperative Consumers' Federation, Ltd., (New Delhi) News Bulletin, May 1969, and Report on Management Project of Aapka Bazar, Meerut,

*Restrictive Factors*

5.03 Before formulating the assortment policy, it is important that the following factors are taken into consideration:

- (i) *Profitability*: It is important to ensure profitability of the article as an individual item as well as a part of the group. Some articles may not be individually profitable but can attract customers who in turn make purchases of other articles. Such articles may not be profitable but can increase the profitability of the store. For example, rationed commodities may not bring in profits by themselves, but they bring customers who, if properly stimulated may buy other items which will bring adequate profits.
- (ii) *Convenience in procurement and handling*: Convenience in storing and the problems in selling an item should be considered before an item is added to the assortment, *i.e.*, kerosene oil, spirit, etc.
- (iii) *Storage space and available finance*: Capital and space being limited, it will be necessary to relate investment in the items to the availability of space and capital in deciding the assortment policy to ensure quick turnover and meeting the customers needs. The management must frame a clear policy with regard to assortment on the basis of the above points.

*Staple Goods (Magnet Goods)*

5.04 A cooperative store dealing with foodgrains and certain basic necessities should have a basic assortment of staple goods (magnet goods), such as coffee, tea, oil, pulses, sugar, some stationery, meat, vegetables, eggs, etc. These goods account for approximately 60% of the total sales, but at the same time only for approximately 10% of total number of items/articles. These articles, as a rule, give a rather low margin of profit but due to the high volume of sales, they contribute quite handsomely towards over-

heads and also to the net surplus of the store. These articles are in great demand and are needed by the customers/members quite frequently.

#### *Supplementary Goods*

5.05 The store should add supplementary goods, such as biscuits, spices household articles, plasticware, crockery, etc. to the basic assortment of staple goods. These articles are also in good demand by customers/members and give a reasonable margin of profit.

#### *Impulse-buying Goods*

5.06 Some goods are bought by customers on an impulse. They see an article being displayed in the store and suddenly decide to buy it, because of some forgotten need, or because they fancy it, or because of its novelty or fashion value. Cosmetics, ready-made garments, textiles, seasonal articles, articles under sales campaign are some of the goods which come under this category. These articles offer a good margin of profit. However, they are often slow-sellers and therefore one must be careful in adding these goods to the assortment. This type of articles, together with new arrivals, are most suitable to be included in the sales promotion activities of the store.

#### *New Arrivals*

5.07 New goods and articles are entering the market every day, but just a few of these will be in great demand by the customers. Before introducing any new article in the assortment, it should be analysed as to whether the inclusion of the particular item is in line with the policy of the management with particular reference to the investment involved, space needed for its storage, and the possibility of its sale to customers within a given time. The store may also examine whether it has already stocked a similar kind of item, and whether it is in good demand. Based upon the past experience, the store should decide on new items. Introduction of wrong articles can result in over-stocking, which in turn may result in unnecessary blocking of capital,



unproductive utilization of space, increase in pilferage, breakage, spillage and also obsolescence leading to losses.

5.08 Before adding a new article to the assortment, the possibility of its success should be analysed. Perhaps, a similar article may already be in the existing assortment.

#### *A Rule*

5.09 The golden rule is that whenever a new article<sup>1</sup> is added to the assortment, another slow-selling article is dropped out.

5.10 In each store an investment policy laying down an investment pattern taking into consideration all factors such as capital, space, stock turnover, profitability etc. should be laid down for the store as a whole based upon figures worked out for each commodity group separately. This policy should be reviewed at least once in six months and improved upon in the light of actual experience.

5.11 The manager must continuously keep himself informed of the competitors' policies and watch the sales in his own store of each individual brand constantly so that he may enlarge or curtail the assortment according to the needs. When it becomes necessary to drop out any item from the assortment, the management should never lose any time in taking necessary steps to do so.

5.12 While new arrivals and customers' preferences may tend towards expansion of assortment, the limitation of finance, space etc. will dictate elimination of items. The decision often tilts in favour of fast-movers (staple, magnet and impulse goods) as against slow movers whose sole claim is large margin.

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1. To avoid blocking up of capital, new items are sometimes tried on "consignment" basis and payment made after the sale within a specified period.

## *Pricing*

6.01 One of the main reasons for opening of a Consumer Cooperative Store is to stabilize prices and safeguard consumer interests in all essential commodities required for daily life. In this context, the pricing of goods in co-operative store assumes importance.

### *Three Essential Factors*

6.02 The pricing policy of a cooperative store must be based on the following three essential factors:

- (a) The selling rates should be acceptable to the consumer.
- (b) All costs should be adequately covered.
- (c) The store should earn some surplus at the end of the year, partly for distribution as dividend among members, and partly for ploughing back in the business to ensure proper growth.

### *What Determines the Retail Price ?*

6.03 The elements involved in determining the retail price of a given commodity are the following:

- (a) The cost price.
- (b) The risks taken in handling the article.

- (c) Competition.
- (d) The sales system (self-service, home delivery etc.)
- (e) The rate of stocks/sales turnover.
- (f) The nature of articles (staple, supplementary etc.)
- (g) The quality of goods.
- (h) The location of the store.
- (i) The quantum of surplus to be earned.
- (j) The quality of service.

6.04 Generally the price has to be fixed somewhere between the total cost price which is the floor rate and the ruling market price which is the ceiling rate. No store can sell below the cost price—for, then it will run into loss, and no store should sell above the ruling market rate—for, then no consumer will come to buy.

6.05 As a rule, the store should sell slightly below the market price *provided* it can adequately cover the total costs<sup>1</sup> incurred on the article and also create a small surplus for its own future growth and development of the store. A newly established store, may follow the market price in the initial stage, to avoid price-war with the competitors. After stabilizing the operations of such a newly opened co-operative store, it would be worthwhile if active price policy is followed (*i.e.*, to slightly mark below the market price, if possible).

6.06 Whenever prices change in the market on account of external reasons, the cooperative store should invariably ensure that its prices are also adjusted accordingly. Such a step will build confidence among the customers of the store. In certain stores it is the practice to continue to sell at the rates once fixed even when the market rate goes up, on the ground that the stock available was purchased at a lower rate. There are also cases where the store refuses to reduce the price even though the market rate has gone down, on grounds that the article was purchased at a higher price. In all these cases, it is necessary to follow the golden rule: "that the selling rates should be acceptable to the customer." In such cases the store should fall in line with

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1. Purchases will have to be preceded by a careful analysis to ensure this policy.

the market prices and any loss as a result of price reduction is invariably made up by price increases.<sup>1</sup>

6.07 When an article seems to be a slow-seller, the price should be reduced immediately and by arranging a more attractive display, get the article sold out of the assortment as early as possible, otherwise the store will lose money. A clearance sale<sup>2</sup> should be undertaken regularly to eliminate the slow-seller and the consequent blocking of capital, space, etc. To keep a close watch on the slow-seller, the store should introduce a system of coded dates on each article and arrange for their segregation, the moment they have exceeded the targeted period.<sup>3</sup>

6.08 The price of an article is the single most important motivating factor which attracts the consumer to make his purchases from a particular shop.

6.09 Another important guideline to be noted is that articles with high stock/sales turnover are usually sold at a low margin while those with low stock/sales turnover are sold at a high margin.<sup>4</sup>

#### *Master Price-list*

6.10 The management must ensure that a master price-list, preferably of loose leaf bundles is maintained in respect of each single article sold by the store separately. Such a list should be revised at the time of fluctuation of rates and must be initialed by the manager with date at the time

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1. In all such cases, the authority that is competent to increase or decrease the price should declare the stocks on that day to ensure proper account of the same.

2. For Clearance Sale, see Chapter XXI.

3. Each store should evolve its own norms, particularly the number of days by which each article should "move out" taking into consideration the space occupied, finance involved, the local and material average.

4. For more detailed analysis, the reader may refer to chapter III—Result Oriented Price Determination in "Business Switch—An Introduction to Business Management in Retailing" by R. Arvidsson and S. Dandapani, ICA, 1972.

of change in prices, and, if necessary, ratified in the Managing Committee meeting.

6.11 With regard to the quality of goods, it is quite clear that it has to be assessed in comparison with the price. It also goes without mentioning, that cooperative stores should sell goods of standard quality. A cooperative store should assure its customers that it will never indulge in malpractices such as trading in adulterated goods.



(xi) Home service is an effective sale-tool in the hands of Japanese cooperative stores. Home service men are seen packing and loading goods before moving out for distribution.



(xii) Readymade garments are displayed in an attractive way for self-selection.

The management initiates members to go in for co-purchasing. Members take active interest in such an activity in Japan.



## *Self-service and self-selection*



(xiii) Self-service in a large Cooperative Supermarket in Japan. Here the customers make the selection, collection etc. of goods and reach the counter for payment. Self-service and self-selection as a system is conducive to large sales with enormous satisfaction to customers.







## *Selling System*

7.01 Some of the commonly known selling systems are:

- (a) the conventional *counter desk service* wherein the customer buys goods from the salesman across the counter;
- (b) the *self-service system* wherein the customer himself selects and collects the goods from the shelves and goes and pays to the cashier at the exit of the store;
- (c) the *home delivery system* wherein the sales men visit customers' homes, collect orders against cash or credit as the case may be, and deliver the goods ordered at the doors of the customers, and
- (d) *The mail order system* by which the customers place orders by mail and they are supplied.

7.02 The advantages and disadvantages of the self-service system compared to the counter desk system are, among others, the following :

*Advantages*

- (a) Labour saving (lower salary costs);
- (b) Higher sale volume (in the process of selecting goods, the customers come in close contact with the goods and are induced to buy more);
- (c) More attractive display, appearance and atmosphere due to pre-packed and price-marked goods;
- (d) Scope for large-scale operations and better efficiency;
- (e) Meets with the changing demands of customers;
- (f) Lower prices as a result of lower costs and higher efficiency;
- (g) Less number of staff with less management problems.

*Disadvantages*

- (a) Higher leakage, due to extensive handling and pilferages;
- (b) Need for larger selling area;
- (c) Need for more pre-packed goods;
- (d) Customers have to be trained to make purchases in self-service shops;
- (e) Need for revised techniques of display of goods, lighting arrangements, type and use of furniture and fixtures, etc. so as to make customers perform most of the duties of salesmen themselves;
- (f) Often long queues at the cash counters at peak hours causing irritation.

7.03 The list of advantages and disadvantages of a self-service system in a store could be enlarged. Of the disadvantages listed above, there are one or two negative factors for the self-service system such as higher percentage of leakage etc. The other areas of disadvantages will only demand some extra efforts on the part of the management. The only problem which is difficult to tackle with is the high percentage of leakage in this system.

7.04 While arriving at a decision with regard to the selling

system, the management must analyse the advantages and disadvantages inherent in the self-service and the conventional counter-desk service systems. They should also take note of the location and lay-out of the building, the assortment, present and future availability of trained salesmen at reasonable salaries and the customers' attitude towards different selling systems before deciding upon the selling system to be adopted for the store.

7.05 The management must keep in mind the efficacy of the self-service system for expansion of the trade as a basic tool. The management has to examine the availability of trained employees at reasonable salaries and the cost of engaging such personnel in achieving the objectives of the store. Already, goods are being pre-packed to a great extent by manufacturers due to changes in the buying habits and the need for handling such goods economically and efficiently. With the changes in the living patterns, there will be much less time to spend for shopping and customers would like their shopping to be done quite independently and in big stores. To keep pace with the customer behaviour, the management should always keep the self-service system as a future alternative to be implemented as soon as conditions permit. If the self-service system is not implemented from the inception of the store, the building should be so constructed, furniture and fixtures selected in such a manner that when the time for self-service is ripe, the management can easily switch over to this system without incurring much additional cost or wastage of time.

7.06 A gradual way of switching over from desk service to self-service in selling could be by keeping more and more pre-packed goods outside the counters to be selected by the customers. The customers could then select goods and pay for the goods to the salesmen at the counter when buying goods from the salesman in the conventional way. A beginning can also be made by segregating certain goods that lend themselves for self-service more easily as a result of their pre-packed condition. In the matter of textiles, complete self-service may not be possible, but a large amount of scope for self-selection should be extended by

allowing the customers as close to the textiles/garments as possible.

#### *Home Delivery System*

7.07 Home delivery system can be supplemented to the existing self-service or counter-service selling system with the advantage of an additional increase in sale. Further, the home delivery system builds the public relations with the accompanying advantages of customer involvement with the management.

7.08 However, the home delivery system calls for the employment of a large work-force resulting in the increase in cost. It is, therefore, necessary that a small percentage should be added to the prices charged for goods under this system which the customers do not mind. In fact the home delivery service is greatly appreciated in spite of the little extra cost involved.

7.09 The employees selected for home delivery service need additional training in meeting people in their domestic environs and promoting sales in addition to public relation activities. Undertaking the training of a large number of such selling staff is an asset not only to the store but also to the community.

7.10 In most countries, home delivery service is attempted partly to provide the needed service to customers and partly to secure additional sales with a view to increasing the profitability in the retail trade as a whole. In Japan the home delivery system was attempted in a big way which eventually led to the organisation of a giant super market operation. Even now many of the consumer societies in Japan have an organised home delivery service which gives them as much as 50% of the total sales. Even after the network of a super market operating all over, the home delivery service has a vital role to play in view of the fact that larger the super market, the greater will be the distance from the homes of the customers.

7.11 In Japan, the salesmen visit each house twice a week, distribute price catalogues, collect orders and arrange

delivery of goods at a slightly increased cost. They also tender advice regarding home management, maintain member-relations and help in enrolling additional membership. In short, these salesmen function as liaison between the management and the member-customers. While on the one hand, this service is appreciated by the members in spite of the extra cost on the other hand, this increases the profitability of the society.

#### *Co-purchasing*

7.12 In many countries, co-purchasing, *i.e.*, members jointly buying in bulk certain items required for use and arranging for the distribution through the society is undertaken. This gives the advantage of bulk-buying and seasonal low rates both for the members and the society. This is particularly advantageous to small-sized societies which cannot stock a wide range of goods in large quantities. This system has been tried in Japan with considerable success. This can be attempted as a supplementary method to any of the existing systems. The chief advantage of this system is the member-involvement and the feeling of solidarity with the society.

#### *Super Market Operations*

7.13 In the future, retailing has to be rationalised. It can only be done when large-scale operation with the accompanying advantages of economic viability, business surplus, high cost expertise, modern innovation, such as computer, etc. are put into use for the distributive trade. In fact, this will be a compelling need in view of the fact that the customers will demand a different kind of service, assortment, environment, accessibility, price competitiveness etc. in the future and they will have to be met. Hence the retailers have to analyse the future social and economic development with particular reference to the economics of retailing and organise large-scale super markets capable of meeting the demands of the members simultaneously ensuring economy in operations. Retailers entering in such activities in this manner will be highly successful and compete very well in the market.

## CHAPTER VIII

### *The First Sight—The Front of the Store*

8.01 The way in which the shop front presents itself to the outside world, and the manner in which it claims the attention of the people around it is of extreme importance to the store, for it is the shop front which projects the image and the name of the store to the customers to a very great extent.

8.02 The compound, the parking place, and the cycle stand in front of the store should be kept clean and in good order. Empty boxes should not be stored there.

8.03 It should be easy for the customers to enter the store. Easy access, adequate space for movement and a design that would help a flow of customers are basic principles while planning the frontage.

8.04 The facade of the building should be nicely painted and a signboard of suitable size (if possible, with lights) should be put up in front of the store indicating the name of the store and/or a symbol signifying that a cooperative

store is located there. The compound and the facade should, if possible, be illuminated to attract people.

8.05 The glass panes of the show windows and entrance doors should be clean and unbroken at any time.

8.06 If the store has a watchman standing at the entrance outside, he should be in smart uniform. He should also be properly trained to attend to customers in a polite manner and give them correct information concerning the store in a courteous language. One can see cases where these watchmen behave in such a rude manner that they scare away the potential customers even before they enter the store. Such slips turn out to be costly in as much the customers carry a poor image and spread a bad reputation of the store with serious consequences.

8.07 Sometimes part of the frontage of the store is leased out to private companies for their advertisement. No doubt this brings income to the store and attracts customers but one is not sure whether it is the right way to let out space to private companies, for each of these companies "decorate" some space of the store with a view to advertising and selling their own goods and wares and not the cooperative store as a whole. Sometimes this results in terrible composition of advertisements and here one is reminded of a saying, "one cannot see the forest for all the trees".

8.08 The frontage of the store should clearly indicate that a cooperative store is located inside and, if possible, a uniform system of sign-boards, symbols, colours, and appearance of the facade should be used by all the cooperative stores so as to attract customers to pay a visit to the store. The front of the store should be capable of projecting a favourable image indicating the existence of a nice and functional shop having a good assortment of quality goods. It is important that the entrance of the store is located in the most frequented street as many customers are impulse-buyers. Also the shop front of the cooperative store should be as attractive as the best private shop, for a lesser attractive



shop front of a cooperative store, will have lesser possibilities of attracting customers.

8.09 The window display forms part of the frontage and contributes to the first sight and first impression. Adequate facility on window display by way of a broad and spacious frontage with a view to attracting the customers should be planned from the beginning. (Details of window display are dealt with in Chapter XIX Silent Selling and Chapter XX Window Display).

8.10 The sign board, the symbol, the window display, the illumination and the flow of customers are all the basic ingredients to arrest the attention of the passers by, and invite them to the shop. These aspects should be fully taken care of while planning the frontage.

8.11 As a logical projection of the window display special campaign sales may be organised occasionally in front of the shop as an additional attraction for collecting the public with a view to turning them customers.

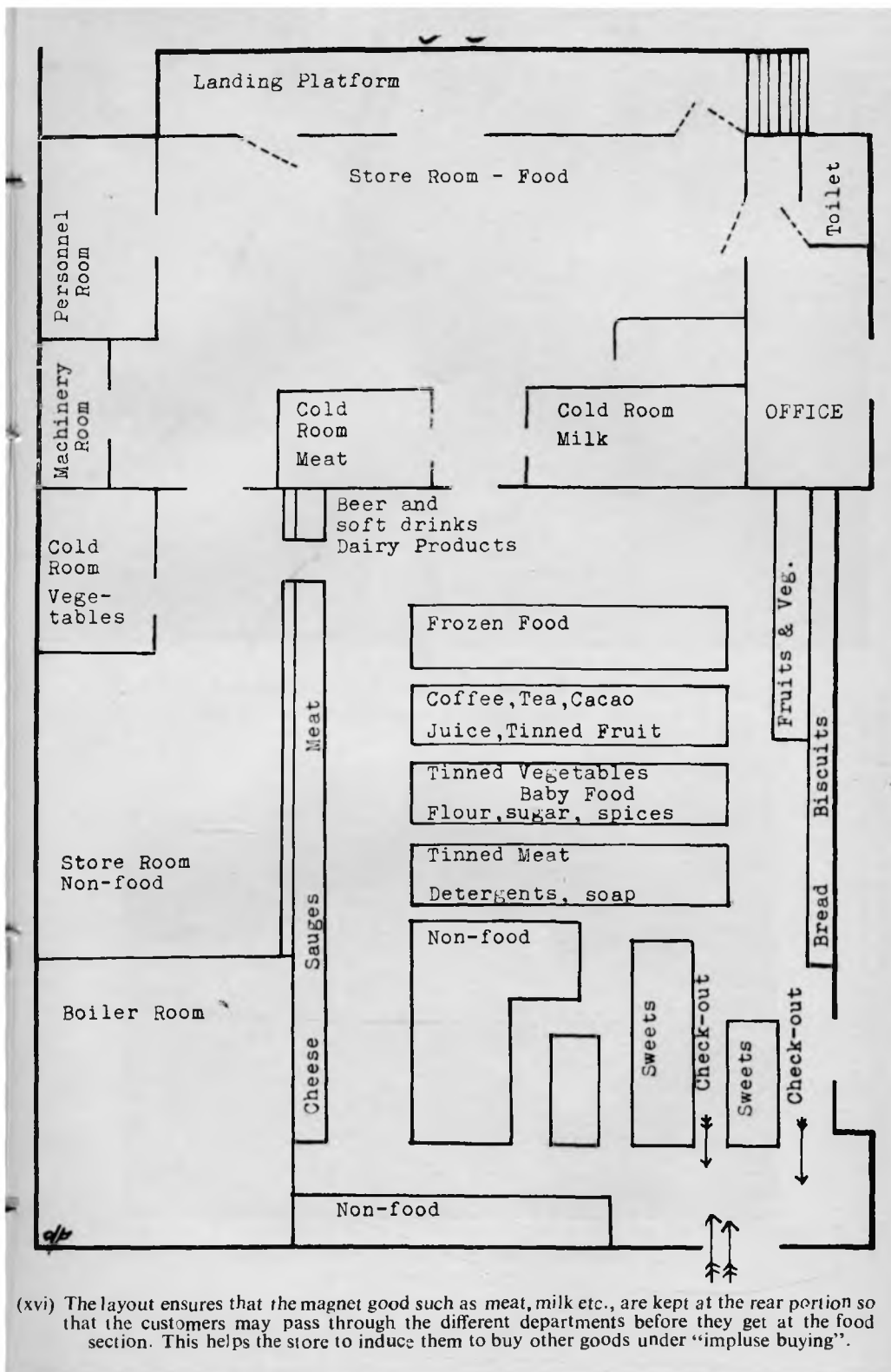


(xiv) A shop frontage in one of the cooperative stores in Japan. Note the symbol, spaciousness, cleanliness and smartness contributing to a proper image. The entire facade is designed to project the image of the store.



(xv) Sales activity is done sometimes outside the store to attract customers. This also enlarges the selling area and sales.





(xvi) The layout ensures that the magnet good such as meat, milk etc., are kept at the rear portion so that the customers may pass through the different departments before they get at the food section. This helps the store to induce them to buy other goods under "impulse buying".



(xvii) Escalator helps flow of customers from one floor to another.  
This is commonly used in Supermarkets in Japan.



A bird's eye view of a layout in a Japanese  
Cooperative Supermarket.

## CHAPTER IX

### *Layout*

9.01 The layout of the store should be such that customers are able to find their way into the store as quickly as possible and locate the goods they want to buy with ease. On the other hand, the retailer should expect the customers to have a good look at the entire store and see all the assortment. One can induce them to do this by creating the right kind of atmosphere by proper layout of different departments, sections and goods.

9.02 In a store, the food section is, as a rule, the most frequented one. It is a 'magnet' of the store and it is important that this department be placed in such a way that the customers have to pass through the entire store before reaching this section. As the profit margin in the food section is often rather low, one must not give the best location to this section. In a store housed in a single storey building, the food section should be located well into the interior of the building so that the customers are compelled to pass through the other departments/sections on their way to this section.

9.03 In case of two or three storeyed building, the food section should not be located on the ground floor which is the best from selling point of view. It can either be located in the basement or on the first or second floor. But in such a case the internal communication system and transport facilities must be taken into consideration, both for the purpose of filling up the shelves and for the movement of customers and the cost involved thereby.

9.04 To stress the importance of location of departments, a few examples can be cited. A store is housed in a five storeyed building with the food section located on the ground floor. In a study conducted in this store on the customer-behaviour, it was found that approximately 18,000 people visited the store every day. The food section is located in the best selling area on the ground floor. Of the 18,000 customers, 90 per cent visited the food section, 50 per cent paid a visit to the first floor and approximately 35 per cent visited the second and third floors while only 20 per cent went up to the fourth floor.

9.05 By moving the food section from ground floor to some other floor in the building, (the food section is giving a very low margin and has difficulties in creating a surplus although it has an extremely good location) this section could be used as a sort of a magnet to draw customers to less frequented floors and departments/sections over the entire selling area. This could have helped the store to push the sale considerably upwards besides ensuring optimum utilisation of resources.

9.06 In another store having its own building, the whole ground floor is kept empty, while the sale takes place on the first floor, resulting in that the customers have to climb the staircases to reach the selling-area, whereas the ground floor is very much suitable as selling area. In this case, the customers feel irritated to climb on each occasion the staircase which causes clashes between those going up and down.

9.07 Some stores draw comfort in the provision of lifts between floors for the movement of customers. While lift is a convenience, it has severe limitations. Apart from

the small number it can carry, it does not contribute to a flow of customers freely for a business enterprise characteristic of its peak hour rush etc. Further, a flow of customers through an escalator helps the movement easy besides the eye appeal. People are tempted to move to the other floors with the consequent advantages of impulse buying.

9.08 While planning the lay out the management should carefully analyse the internal transport and communication facilities, their possible impact on the flow of customers and on the profitability as a whole. The investment on facilities such as escalators etc. has to be related to the returns by way of increased sale. In many countries, lift is used for shifting goods from the store godown to store shelves and escalators for customers with advantage.

9.09 As a result of continuous study and experience, the cooperative societies in Japan have established certain norms indicating thereby the percentage of customers likely to visit different floors. These are as under:

Assuming the Ground Floor to be	100%
First Floor to be	40%
Second Floor to be	20% to 25%

9.10 If a store is housed in a two storeyed building in Japan, usually the ground floor is allotted for food and grocery and the first floor for textiles and hardware. But, if the store is housed in a three storeyed building, the ground floor for food and grocery, first floor for textiles and the second floor for hardware.

9.11 On the other hand, in a country like India, even private retailers have to induce the customers to go up to the first or second floors by provisions of extra facilities. For example, some of the textile shops offer airconditioning in the first or second floor where costly goods are displayed. Since these are large margin carrying goods the cost of air-conditioning etc. is adequately met.

9.12 While planning the initial layout the retailers should provide for possible expansion in the selling area as a result



of increase in business as well as the additional items to be handled. While establishing super markets a 30% additional space in selling area may be provided for future expansion.

9.13 Layout is not mere laying out. Planning of layout anticipates customer satisfaction and provides for facilities conducive to easy shopping leading to efficient selling. Errors in layout—unless quickly remedied—may lead to dangerous consequences. Time, expenditure and effort on layout is an investment for customer satisfaction, sale and profitability.

## *Location of Goods*

10.01 Customers want to buy goods which are related to each other, not in terms of price, the brand or the trade mark, but from the point of view of their utility. One should, therefore, try to present goods in groups according to their utility. It is a logical division for consumers and facilitates quick and easy shopping. Incidentally this enables the retailer to present the goods in a much richer and varied way. Keeping this in mind, one must also study the frequency with which the average customer buys articles of a particular group so that goods of low frequency could gradually be eliminated as a means to increasing the profitability.

10.02 The assortment may fall under different categories in regard to speed of their movement. They should be so located that they are able to have their interacting influence besides establishing their inter-dependence in "costs". Broadly speaking the position is as under:

- (a) In some of the commodity groups, for example, staple commodities, the frequency is high in most

of the articles and there one has to pay attention to the concentration of best selling articles within that group when composing the assortment and making merchandise display.

- (b) Some commodity groups are of lesser frequency and, therefore, one has to pay attention as to how to stimulate the interest, of the customers to buy from the group as a whole. In this respect, the less frequented commodity groups are in an unfavourable position as they have probably some difficulty in meeting the costs involved in stimulating their sales. For this group, one has to use the whole assortment as a magnet and provide for a good buying atmosphere.

10.03 Departments/sections, groups of commodities and/or highly frequented articles, can be used as a tool (magnet in distributing the customers over the entire selling area of the store.

10.04 In a self-service shop/department, this method of utilizing the "magnets" is of utmost importance, for in this way the customers come in contact with the entire assortment. So far as self-service shops/departments are concerned, one should see that the goods of "impulse buying" nature are placed at the end of the customers shopping tour. For, as a rule, people finish buying essential goods first according to their purchase-list, and then relax and become interested in goods of "impulse buying" nature.

10.05 Other factors which should be taken into consideration in locating departments/sections and commodity groups are, of course, the internal transport arrangements, storage facility and possibility of exercising visual control of goods so as to prevent shop-lifting and pilfering.

## *Display*

11.01 The objective of display of goods is to secure maximum sales and storing capacity. This depends largely on how one chooses to arrange the furniture and fixtures in the store. The aim should be to achieve maximum sales per square metre area as well as minimum rent. To be able to achieve maximum sales, one must allow the customers/members to come as near the goods as possible. This enables the customer to see the goods more closely and satisfy himself/herself. Here one may refer to the saying: "An article touched and fingered by the customer is 50 per cent sold, and an article tried by the customer is mostly sold".

11.02 Display is comprehensive and includes the display of goods, display of prices, display of colour and variety display of fullness and plenty, etc. (window display is dealt with separately under Chapter No. XX). Space does not permit an elaborate treatment of the subject and therefore a few of the important points connected with display are discussed in the succeeding paragraphs.

*To Display Maximum of Goods in the Selling Area and Minimum in the Store Room and Godown*

11.03 When customers are allowed to come close to the goods displayed, it creates a feeling in the mind of the customer that he/she is free to inspect the goods and choose what he/she wants. This also gives a feeling that the store has a full and complete assortment of goods attractively displayed to offer him/her. It is also obvious that storing of goods in the store room will not catch the eyes of the customers. One should always remember that customer likes variety and would like to choose from many goods from a shop where a feeling of abundance is exhibited beyond doubt.

11.04 To meet these expectations, it is necessary that the layout, furniture and fixtures are arranged in such a way that maximum goods are displayed in the sales area, while minimum is stored in the store room or godown. The racks should, if possible, be placed against the walls, and for freedom of movement of furniture and fixtures, the shelves ought to be made of loose parts so that they can be easily dismantled and adjusted according to needs. The counters should be arranged in such a way that the customers can freely enter and go round the shop.

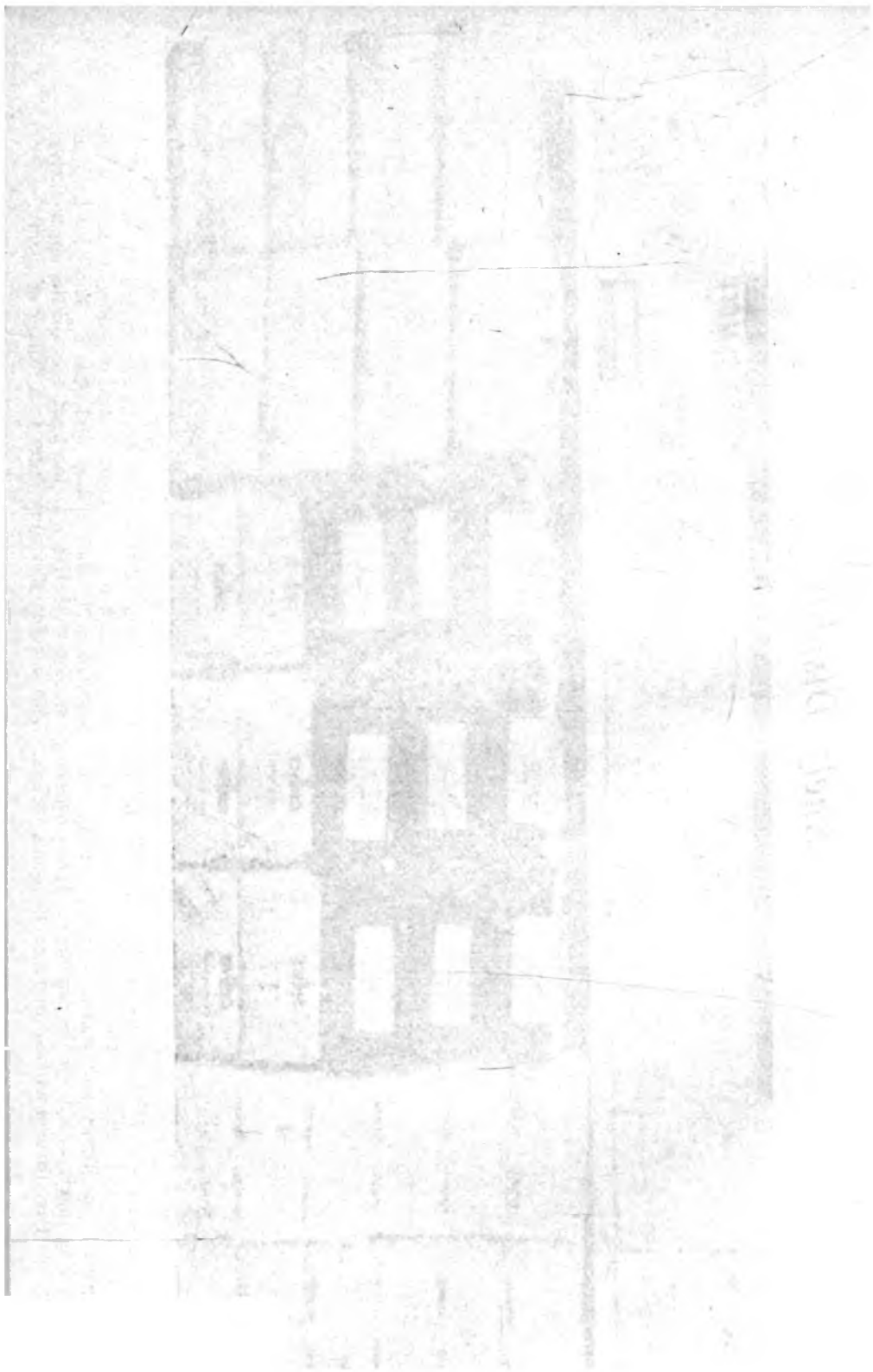
*To Minimise Costs and Time when serving Customers*

11.05 This depends on the layout, the efficiency and capacity of the furniture and fixtures. This also depends on the floor area the salesman has to cover in order to complete a sale—from showing the goods to the customer till its delivery after packing. If the goods are pre-packed, it saves the salesman's time for packing. The salesman can also save time by pre-packing the goods during slack-hours, so that he can manage a heavy rush of customers during peak hours. This again depends on the training the salesman receives for performing his job efficiently sharing a sense of responsibility, taking interest in serving the customers and identifying his own interests with the interests of the store.

## Shelf Display



(xviii) Allocation of shelf space is done carefully taking into consideration that most stocks are stacked on the shelf to avoid frequent refilling. The size of the articles is measured and stacked for appearance and economy in space. When space is specifically allocated to a certain article, sale is detected easily and refilling undertaken. This also helps in placing timely orders on the suppliers. Heavy articles on the lower shelves and the light ones on the upper shelves. Easy to see and easy to reach for quick sellers. The stacking also contributes to a feeling of plenty.



## *Cold Storage & Display*



(xix) The trolley provided by the supermarket helps the customers to do the shopping even having children in arms.

Goods should be so displayed that customers are able to pick them up themselves.







(xx) Fashion goods are displayed in a realistic and attractive way so as to attract the customers and to create an environment to match the season and create demand. Note the prominent display of prices.





(xvi) All items belonging to a commodity group from the point of utility are placed together for self-selection. This also reminds the customer about items which he did not intend buying—nevertheless needed it.



(xxii) The stacking of meat is done inside the cold storage. Incidentally the atmosphere is very inviting to customers.

The entire shop presents a pleasant atmosphere and helps the shopping to be an enjoyable activity.





(xxiii) The refilling is a routine to ensure plenty at all times. Equipment provided should be helpful for the sales staff to do this with ease and comfort without disturbing customers.



(xxiv) Price marking is not merely to indicate prices. Here each item carries its price. In addition prices are also indicated on the shelf against each group of items.







(xxv) Lighting plays an important role in selling goods. Seen in the picture are well-illuminated sections of a supermarket in Japan where customers find it pleasant and comfortable for shopping.



(xxvi) Fresh vegetables and fruits that do not require immediate cold storage facility are offered for sale in variety, colour and freshness.



A cold cabinet helps both in preservation and display—in use in Japan Supermarkets.

*To Arrange Goods and Create a Good Atmosphere*

11.06 Proper arrangement of goods creates a pleasant environment which is conducive to good selling. Therefore, display of goods in a pleasing manner, and creation of a proper atmosphere are factors of paramount importance. To achieve this end, one must keep all brands of a product at one place, including complementary goods (*create commodity groups according to their utility, i.e., all washing soaps, toilet soaps etc. placed in one place*) so as to make it possible for the customers to compare and choose the best of what is available. At the same time, the customer is unconsciously reminded of complementary goods needed (may be, in this case a tooth-brush or a hair oil), and the customer gets a feeling that the store's assortment is wide, varied and rich. The display of goods in this manner makes replenishment of stocks easy and highlights the nature of demand for various items and brands in the assortment which in turn helps in the procurement of goods and results in high turnover of stock-in-trade. Last but not the least, this way of composing commodity groups as a model for placing of goods in the shop will result in greater sales due to more satisfied customers and more interested salesmen.

*To Place the Goods within the Commodity Groups Vertically*

11.07 Goods frequently demanded by customers should be placed in "easy-to-see" and "easy-to-reach" level, say from 4 to 6 feet high from the ground level. However, goods of staple and bulk-purchase nature should be placed below 4 feet level. The reasons for placing goods in this fashion are that each commodity:

- (i) Has an equal chance of being noticed by customers and sold;
- (ii) Gives a better display of goods and distribution of sales within the group;
- (iii) The space below 4 ft. level is rather a poor seller for generally no customer looks at things near the ground level;



- (iv) The articles placed at the space at “easy-to-see” and “easy-to-reach” levels are best sellers;
- (v) Grouped in this fashion goods command a good view and create a good impression on the customers, apart from making it easy for the salesmen to find goods instantly;

*To Allocate as Much Space as Possible to Each Article*

11.08 So that one can fill up the shelves with a whole bulk-package at a time without leaving some units in the store-room. The space allocated should have some relation to the number of pieces to be stored and those packed in a package for distribution by the manufacturer. It is also advantageous to do so, for then one can use slack hours for refilling the empty racks. This way of allocating space will reduce handling costs and makes the task of storing of goods easy for supervision.

*To Keep the Shelves as Full as Possible*

11.09 This creates confidence in the ability of the store to procure and supply goods to the customers. If one does not have enough goods to fill the space on the racks, one should keep the goods only on the front side of the shelves, giving an impression of fullness in racks and shelves. It will give a good appearance and conceal the fact of any goods in short supply.

*To Introduce a Regular and a Special Routine of Refilling or Replenishing Goods in the Shelves and Racks.*

11.10 The routine must consist of the following jobs:

- (i) Clean the shelves and articles placed in the shelves
- (ii) Check the quality of the packings and the price of the goods in the shelves;
- (iii) Refill the shelves with new or fresh articles from right and rear and sell from the left and front side;
- (iv) Before refilling new or fresh articles, check the quality, price and packing of goods;

- (v) Price-mark all the articles. The price-marking should be clear, uniform and easy to remove. Proper price-marking will reduce mistakes and miscalculation in preparing cash memos and also give correct information to the customers;
- (vi) Place the packet or article in such a way that the front side or bold face of the article faces the customer;
- (vii) Take away old or damaged packages or articles, and if possible, get replacement from the manufacturers or reduce the price of the damaged article, and clear it out as soon as possible. If some article is completely spoiled, throw it away after consulting the manager;
- (viii) After refilling the shelves as per above, the salesman should check and satisfy himself that the display is in good order and attractive to customers.

11.10.02 This routine of replenishing and checking the shelves every day guarantees that the assortment is kept up-to-date, the number of slow-seller is minimised, and the shelves are always attractive to the customers. This will increase sales and reduce costs in amount as well as in percentage.

*To Utilise Colour Packages as Contrasts Against Each Other*

11.11 Customers often buy goods through their eyes. Things that attract the eyes have a better chance of being sold. If the goods are displayed in contrasting colours, each article will attract the attention of the customer and will stand an equal chance of being sold. This will also enhance the environment of the store.

*To Attach a Price-label on Each Article*

11.12 Many stores do not realise the importance of price-marking. The whole reputation of the store is sometimes hinged by the presence or absence of price marking on

goods in a shop. When goods are without price-tags<sup>1</sup> then customers always view with suspicion. One feels sad every time one sees a display of goods which do not bear price-marking on them. As a customer, one feels that something is wrong and the first question one puts to the salesman is, "What is the price of this article?" "Why are the prices of the articles not displayed?" Each article should be price-marked, if possible. Price indications should be on the front of the shelf on which the item is displayed.

11.12.02 Display of prices is not only done for psychological reasons but are necessary in terms of the law in many countries.<sup>2</sup> For example, in the Philippines prices should be indicated on each article and failures are punishable. In addition to price tags on each article, a price disc or a placard indicating the price prominently should also be placed on the shelves in the background of the item to help the customer to get a quick grasp of the article, its colour, its price and its use as a means to motivating a quick buying.

11.13 There is considerable emotional difficulty when a customer sees an article without the price tag. While he is desirous of buying it, his purse may or may not permit it. Often a customer hesitates to ask the price, as in his view refusal to buy may reduce him/her in the eyes of salesman.

*To Arrange Lighting in Such a Way that it Attracts the Attention of Customers*

11.14 This helps the packages to act as self-salesman. Lighting should also help in brightening the space to be a good selling area. One should create a pleasant atmosphere around the various departments, commodity groups

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1. In developing countries, the retailers are hesitant to display the prices. They agree that they will not have adequate opportunity for spoken salesmanship—if prices are already displayed. This is not true where prices are well-displayed, sales have increased.

2. The Drug Control Order No. 17(7)/70-Ch. III of 16th May 1970 of the Government of India insists on display of prices in regard to medicines in India.

and articles in the store, and lighting is by far the best media to create an atmosphere which helps in stimulating the buying impulse. In fact, proper and adequate lighting is one of the best silent selling techniques of the shop. In addition to the normal standard illumination, it is desirable that special connections for spotlights on various places in the departments/sections so as to enable an additional spot-lighting of particular commodity groups or display, during different seasons are provided. There are many stores where the lighting is either insufficient or unsuitable and very few managers and directors realise the importance of lighting and the part it plays in the selling.

*To Select Suitable Furniture and Fixtures*

11.15 In order to display the commodity groups and articles in an attractive manner, it is extremely important to utilize the right type of furniture and fixtures of suitable matching colours and designs. Even sometimes contrasting colours could be selected. However, one should remember that it is the articles themselves with their packing and colours that will attract the customer to the department rather than the furniture and fixtures.

11.15.02 The furniture and fixtures used in the department should be of flexible and uniform type, as the layout and utilization of furniture and fixtures in the department/section have to be frequently changed or altered according to changing fashions and habits of customers. It is desirable, therefore, to have detachable elements for necessary adjustment in furniture.

11.15.03 Before furniture and fixtures are brought and placed in their positions, the manager and/or the Board of Directors should post themselves up-to-date by studying and observing stores which have successfully used new techniques in the designing of furniture and fixtures consistent with economy and efficiency.

11.15.04 The provision of right kind of furniture and equipment is an important phase in the planning and should be given due attention.

*To be Careful with "Easy-to-Damage"  
(Perishable or Breakable) Articles*

11.16 And never to place such articles side by side. It should be a rule not to place goods directly on the floor, but to use a pallet or something similar to that.

11.16.02 In the case of foodgrains etc. the bags should be stacked 9" away from the wall and at least 9" above the ground. The area should be scrupulously clean to minimise if not eliminate rats and rodents.

11.16.03 Goods ought to remain in their normal place if the place is best suited for the article. Never change the place of the ordinary display of goods just for fun, as it would adversely affect the customers, and salesmen's reaction.

11.17 Articles capable of emitting or absorbing smell such as soaps, tea, kerosene oil etc. should be stored in their groups but away from the rest to avoid contamination. Even if the packing is good and likely to prevent contamination, customers will feel doubtful of their purity if they see them kept along with goods capable of pollution.

11.18 In providing furniture and fittings, provision should be made for cold storage equipment such as freezers, refrigerators and, or built in cold storage for preserving perishable commodities. At least some of them should be suitable for display viz. cold storage cabinets wherein the articles stored could be seen by customers.

11.19 Display is not just to indicate what one has or mere publicising of the wares. Display is a technique which when applied in a given manner takes a predictable course in the matter of selling leading to productivity and profitability in retailing.

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## CHAPTER XII

# *Salesmanship*

12.01 Salesmanship falls under two categories: silent salesmanship and spoken salesmanship. Display of goods, display of prices, environment, etc. fall under silent salesmanship and this has been dealt with partly earlier. Some aspects of spoken salesmanship are dealt with in this chapter.

12.02 The responsibility and interest the salesman evinces in conducting his/her performance, and the cleanliness and hygiene maintained in the store, are the basic factors of being a good salesman. Of the different types of salesmen seen in the market, the salesman in the cooperative store ought to be represented by the "Creative" one.

12.03 If the salesman has interest and assumes responsibility towards his/her job in the store, the store will expand its business. Therefore, the salesman occupies a pivotal position in a cooperative store and he must be trained to be an active salesman conducting sales in the best manner and satisfy the customers/members, through knowledge about the goods and the customer identifying himself/herself with the store's objectives/targets etc.

12.04 The “Creative” salesman/employee should:

- realise that the customer wants a particular article because he/she has a particular need to satisfy;
- know the qualities of the goods well so that he/she can help the customer to choose the best article to satisfy his/her needs;
- know and practise effective techniques for making use of his knowledge.

*Customer’s Confidence in Salesman*

12.05 There are salesmen who think that it is the customer’s/ member’s own fault if he/she is cheated. Business integrity is a basic requirement in all retail outlets. In a cooperative store, one must specially build up confidence among the customers by service, quality and politeness so that the customer feels attached to the store and develop a faith in the employees.

12.06 In order to gain the confidence of the customer, the employee salesman should feel responsible and interested in his work and bring in a sense of dedication and professional competence so that he may belong to the creative group of salesmen with benefits accruing to himself, the store, the customer and to the nation.

12.07 A salesman can develop himself and improve his confidence in dealing with the customers, employees and management through :

- (a) Improving his knowledge about :
  - (i) the various articles he is selling;
  - (ii) customers’ demands and behaviour pattern;
  - (iii) store’s targets and objectives;
  - (iv) ways of improving the store’s business etc;
- (b) Correct behaviour towards his colleagues as well as customers;
- (c) Honest dealings with the customer and with the store;



(xxvii) Information desk helps customers with several details in addition to holding their belongings temporarily. A good amount of salesmanship is done at the information desk.





(xxviii) In a departmental store in Japan the sales girls evince personal interest in the customers in helping them to do the shopping. In a self-service shop, the cashier plays an important role, as there are very few salesmen in the shop floor. They have to help customers when necessary.



(xxix) A group work—part of Staff Training—by informal and effective methods—in Japan.



(xxx) Some of the items before putting on sale, undergo the necessary testing in a consumer cooperative society in Japan of the Housewives as a part of member activity.



(xxxii) A study group of members devoting time and attention to studying the problems of their local store.



(d) Build up sympathy for himself through :

- (i) keeping the customer's best interest before him;
- (ii) treating the customers in the same way as he himself wants to be treated.

12.08 The salesman should help the customer to buy the goods which are to his/her advantage. Therefore, the salesman must know about the manufacturing process, the different ways of using the goods, the quality etc. In other words, he should possess adequate knowledge of commodities to give proper guidance to the customers.

12.09 Remember that the customers frequent the cooperative store if they are convinced that the manager and the salesmen in the store try sincerely and honestly to serve them well. The store should develop such an atmosphere of friendliness and helpfulness that the customer must always associate friendliness and pleasant anticipation when he/she visits the store.

12.10 Attracting the customer to the store is mainly a question of good personal relationship between the staff and the customer. If the manager or a salesman happens to offend a customer in some way, this may destroy in a moment the goodwill the store has been able to build over a period of years.

12.11 If a customer rightly or wrongly feels badly treated in the store, he or she will talk about it and plenty of people are likely to listen to it and believe it. The staff must, therefore, take great care in all their work and their behaviour.

12.12 Remember that the cooperative stores are very much alike and, therefore, when a customer does not like a particular cooperative store and talk about it to other people, this mistake strikes every cooperative store.

12.13 There are many factors which determine the success of the store, but the most important one is the staff, their behaviour, knowledge and salesmanship.

*A Good Rule for the Salesman*

## 12.14

- (i) Try to recognise and understand the customer;
- (ii) Try to learn by listening to the customers;
- (iii) Teach yourself about the right selling suggestions;
- (iv) Be an adviser to the customers and practise a helpful attitude.  
You will get several happy customers even in the future.

12.15 Salesman is a part of the shops' personality. In his dress, behaviour, knowledge and temperament, the shops' personality finds expression. When shops' personality comes into contact with the shoppers' personality the two begin to exert their influences. The result can be a friction leading to a failure or a success resulting in a good and continued relationship. The end result is what one wants and how he makes it.

## CHAPTER XIII

### *Staff Training*

13.01 Experience gained by the selling staff through trial and error method is an asset but it does not replace the need for training. Time, money and effort spent in undertaking training schemes pays handsome dividend and helps in the systematic growth of the store.

13.02 The training of staff is undertaken both by formal and informal methods. The formal method includes recruitment of trained personnel on one hand and sending the untrained personnel to a training institution specialising in retailing on the other. Even after ensuring the initial training, it is necessary to send them for refresher course once in three years to help them brush up their knowledge up-to-date.

13.03 Informal training is undertaken as a continuous process and with considerable emphasis on the job training.

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1. For a more detailed study, the reader is referred to Chapter IV of "A Study of Personnel Management in Selected Cooperative Super Markets in India" by R. Arvidsson & K.K. Taimni, ICA, 1971.



The several methods adopted for the informal training are:

- (a) regular staff meetings;
- (b) systematic circulation of trade information among staff;
- (c) visits to other retailing units/cooperative stores in the area;
- (d) suggestion schemes.

#### *Staff Meetings*

13.04 The staff meeting is an important medium of internal training informally discussing various problems, the methods of tackling them and for involving the employees in the decision-making of the store. Through staff meetings the salesmen are in fact directly involved in the society's business which will improve their interest and responsibility.

13.04.02 It is the salesman who, several times a day, meets different categories of customers and discusses with them different problems. It is, therefore, of great importance to know the opinions of staff about problems and their solutions.

13.04.03 A weekly staff meeting should, therefore, be conducted to discuss the following, among others:

- (a) Current matters concerning the store/society;
- (b) Sales targets;
- (c) Samples of new articles etc;
- (d) Sales activities for the coming period;
- (e) Sales suggestions for campaigns, articles, etc.

13.04.04 Staff meetings should be conducted regularly, if possible, on a fixed day of the week. In fact, in Japan, weekly staff meetings are conducted in most of the cooperative super markets. There are also stores where daily meetings with the staff are conducted for a few minutes when the previous day's performance and the day's work to be done are discussed and planned.

13.04.05 Staff meetings are not merely for improving business: they are also a means for improving employee relations designed to provide them with the needed assistance. This creates solidarity among the work force and the management leading to better results.

#### *Trade Information*

13.05 The management should have a system of communicating the performance of different departments in relation to the target and making this known to the staff with a view to motivating them for achieving the stores' objectives. This is done in a very systematic manner in the consumer cooperatives in Japan. In fact the information is documented everyday in respect of sales and every week in respect of performance. This would call for a high degree of accounting efficiency coupled with a desire to motivate the staff in the right direction.

#### *Visits to Other Stores*

13.06 In a highly competitive market, it will be very necessary to know not only one's performance but also the performance of others in the field. This is achieved to an extent if the staff are encouraged to visit other retailing units/cooperative stores in the area for imbibing the good points for emulation. Small expenditure involved in the transport, etc. of the staff will have to be met and it boosts up their morale and motivates them for taking special interest in implementing new ideas which they are able to acquire in the other more advanced stores.

#### *Suggestion Schemes*

13.07 The employees should gain confidence that the management will welcome their suggestions and give all the necessary consideration they deserve. This is done by introducing a suggestion scheme at each store. Employees should be encouraged to put in their suggestions. In the case of non-workable suggestion the employees are explained why this is not workable. In the case of workable

suggestion the employee should be rewarded. The progress achieved in this kind of suggestion scheme is not so very important but the process is important. The employees are motivated to think which is the main purpose of a suggestion scheme.

13.08 The combination of the formal and informal training to various categories of employees in a cooperative store contributes to a very large extent to the business competence so necessary for running a store. In the process, the management learns as much as the staff—both leading to a higher productivity and profitability.

## *Customer Relation*

14.01 Customer relation is built over a period by a systematic approach to the problems. While publicising the goods with prices may indicate availability, the customer relation is built through quality, standards, service and so on. While publicity may be helpful to bring a customer to the shop, it is a customer relation which will enable the customer to visit the shop for the second time and third time and so on.

14.02 Customers will have confidence in the store when they are able to identify with the management as a result of a systematic and regular involvement with the store's activities. There are various methods by which this is achieved some of which are described in the succeeding paragraphs.

### *Consumer Information*

14.03 Consumer information in regard to various products should be undertaken by the store as a means to protecting the consumer interest. For example, if two types of washing soaps are available carrying the same price but different

weight specifications, it is necessary to place facts before the consumer to enable him make a choice. The communication of consumer information not only attempts the consumer education in a realistic manner but also establishes the integrity of the store's intention to sell only those that are selected by the customer after full knowledge of it.

14.03.02 The consumer information<sup>1</sup> may be passed on by posters, weekly newspapers, handouts, etc. and circulated among the consumers regularly. In the case of newspapers, experiences of housewives in regard to products written by themselves can be published for information of other consumers.

#### *Women Activities*

14.04 Customer relation is also maintained by undertaking well-planned women activities. Conducting of courses in cookery, home decoration, home economics, etc., designed to get the best out of the available money helps the families on one hand and establishes the society's interest on them on the other. The cumulative advantages of such a relationship is an intense involvement with the store leading to a successful operation.

14.04.02 In Japan the members are actively involved with the management through various activities such as co-purchasing (already dealt with) testing of the goods, discussing the assortment, and discussing the store's management in general. The member activity also includes home economics, courses for mother-in-laws and housewives, contribution of articles to cooperative magazines etc. The employees of the cooperative stores are effectively involved in these activities and this establishes considerable cohesion between the management, the employees and the members—with all efforts leading in a uni-directional manner to the purpose of achieving the stores' objectives.

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1. For greater details in regard to consumer information and customer relation, the reader is referred to the Report on the Distribution of Consumer Goods through Cooperatives in Japan by R. Arvidsson & S. Futagami, ICA, 1971.

*Customers Grievances*

14.05 Retail traders are generally hesitant to customers' complaints or in respect of purchases concluded and paid for.

14.05.02 The chief causes of complaints among others are:

- delivery of wrong goods;
- shortage in goods delivered;
- deficiencies in qualities;
- overcharges in totalling the sales;
- wrong change given;
- claim that the goods can be bought cheaper elsewhere; and
- service complaints.

14.05.03 In a cooperative store, the manager should himself/herself deal with complaints and it would be a good policy if he/she approaches the problem with a desire to adjust it in the customer's favour, except in such cases where it is absolutely evident that the customer is wrong.

14.05.04 It is an art to be able to handle such problems in a manner which will give satisfaction to the customer and, at the same time, protect the store's interest, prestige and goodwill. If the complaints are frequent, the manager must try to trace the root cause and take steps to remove them. Carelessness is the cause of at least 70 per cent of the complaints in a store and they need special attention.

14.05.05 Remember, when assessing the customer's complaints it must be taken into consideration that the success of the cooperative store depends to a great extent on building up the clientele, who will buy from the society's shop as much as their spending power permits.

## *Shop Hygiene and Cleanliness*

15.01 Shop hygiene and cleanliness contributes to the appearance and environment of a shop. It helps the employees to function better and attracts customers towards the shop. In addition, a high standard of cleanliness and hygiene in the shop carries the ingredients for keeping the worms etc. away with the consequent elimination of losses.

15.02 It is a fact that the attention now paid to cleanliness of the shop in general in most countries is more than what was done in the past. It is partly because of improvement in general education and partly because of the demonstration effect carried in different areas as a result of one or two shops maintaining a higher standard achieving better results thereon. Customers have also been responsible for demanding higher standards of cleanliness by patronising only such shops. This demand is also expected to increase in future.

15.03 One of the reasons for the increase in the turn-over of pre-packed goods is a fact that they are protected from contamination. It is necessary for the retailers to carry

the demonstration effect of the maintenance of cleanliness in a big way so as to establish a high standard of shop hygiene and cleanliness not only to obtain the appreciation and satisfaction of the customers to boost the sales and profitability but also in the interest of minimising if not altogether eliminating the nation's waste. It is the responsibility of all concerned to ensure and enforce the highest standard of cleanliness in the shops.

15.04 Personal hygiene means paying attention to:

- use of some kind of uniform, which should always be clean;
- keep hands and hair clean;
- use dishes, tongs, knives or scoops, wherever possible for handling food;
- avoid unpleasant personal habits.

15.05 Shop hygiene is mainly a matter of taking the trouble to keep the premises, fixtures and stock scrupulously clean. A customer can tell whether a shop is clean or not by its smell as soon as he/she enters.

15.06 The cleanliness of the interior of the shop depends on:

- high standard of personal hygiene;
- a regular and adequate routine for cleaning.

15.07 One must, of course, be supplied with the necessary equipment—brushes, brooms, dusters, swabs and enough hot water, soap, soda and polishes to discharge the obligation towards the maintenance of the prescribed standard of cleanliness.

15.08 When one is cleaning the shop one shall take care of the corners, the middle then takes care of itself.

15.09 The management have to introduce a system and a routine for ensuring the prescribed standards of cleanliness and shop hygiene. This should be formally laid down and duties assigned to different persons for regular follow-up. Cleaning of the sign-board, wiping of the window-panes,



the lamp-shades, the fans and dusting of the various articles must be done in terms of the routine and regularity already prescribed. Apart from establishing accountability in achieving these standards, the management should develop the cleanliness consciousness among the staff and develop the same systematically through the informal methods of training including the staff meetings. The higher the standard of cleanliness, the greater is the eye-appeal, efficiency and prosperity of the store.

## CHAPTER XVI

### *Sales Promotion and its Purpose*

16.01 The several aspects discussed in different chapters earlier in this book such as location, layout, assortment, pricing, selling system, etc. are the minimum required for the functioning of a store. But, they are only capable of achieving a sale target upto 60 to 70%. By themselves, these techniques may not be able to obtain the remaining 30 to 40% unless the store launches a carefully planned and well-integrated sale promotion activity.

16.02 It is necessary for the store to acquire this additional sale potential in view of the fact, that the remaining 30 or 40 per cent sale will bring in a gross profit without much increase in staff cost, overheads, etc. The chances are that a large part of the gross profit thus earned may turn out to be a net profit with the resultant all-round advantages of profitability and growth. Any effort made to capture this will be really worthwhile.

16.03 To be able to fulfill the objectives of the store and to have a better economic result of the operations for a bright future, it is necessary to optimise the sale. In order to reach

the additional 30-40 per cent of the optimum sales, one has to plan sales promotion in a big way.

16.04 To implement the sales promotion, the store management should undertake :

- (a) Sales budgeting
- (b) Sales planning
- (c) Silent selling activities
- (d) Co-ordination of sales promotion activities to channelise all energies in a uni-directional manner for the achievement of the objectives.

16.05 Sales promotion activities, if properly implemented, are probably the best way to increase sales, improve the store's image and create a feeling among the members/customers that they are making their purchases for a store which satisfied their demands and needs.

#### *What is Sales Promotion ?*

16.06 Sales promotion relates to all these extra measures taken inside and outside the store other than ordinary display so as to :

- (a) increase the sales of the store;
- (b) create an interest for the store among the public;
- (c) make the cooperative store look brighter than that of the competitors;
- (d) make the cooperative store more interesting to work in etc.

16.07 The customers of today prefer making their purchases from a store which gives an image, among others, the following services and impressions:

- (i) Wide variety of goods displayed in plenty;
- (ii) Pleasant, interesting and personal atmosphere;
- (iii) Competitive price and commodity information;
- (iv) Attractive, polite and knowledgeable employees;
- (v) New ideas and events;

*Basis for Sales Promotion Activities*

16.08 The sales promotion activities are based on the sales budget and sales plan (a plan of action) prepared for the period concerned, in which the sales activities for the specific period are listed with regard to:

Kind of items to be offered during the period in addition to the ordinary assortment;

The sales promotion aids (posters, price placards etc.) to be used to support the sales of the goods included in the plan, as well as to create a pleasant and interesting atmosphere in the store.

Location where to display the goods included in the sales plan and the sales promotion aids in the store. The money to be spent on sales promotion activities during the period should be specified.

The expected income from sales of these articles included in the sales promotion activities.

*Commodities Suitable for Sales Promotion*

16.09 For effective results of sales promotion activities, it is necessary to select only a few items (10 or so)<sup>1</sup> and then efforts directed to maximise their sales during a given period. The articles selected should be very attractive in the eyes of the customers so as to make the customers/members visit the store for buying these special articles. They should be reminded to make purchases from out of the ordinary assortment also by other silent selling techniques. This indicates that the selection and display as well as pricing of these special articles should be carefully done as one would expose the whole assortment/store through these articles and improve the store's image in the eyes of the customer. Needless to say, these articles should include items from various sections of the store.

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<sup>1</sup>In choosing items one may remember the management dictum that 20% of the items bring in 80% of the sales. Efforts made to increase such of those 20% items will bring in a larger volume of sales than that of the balance.

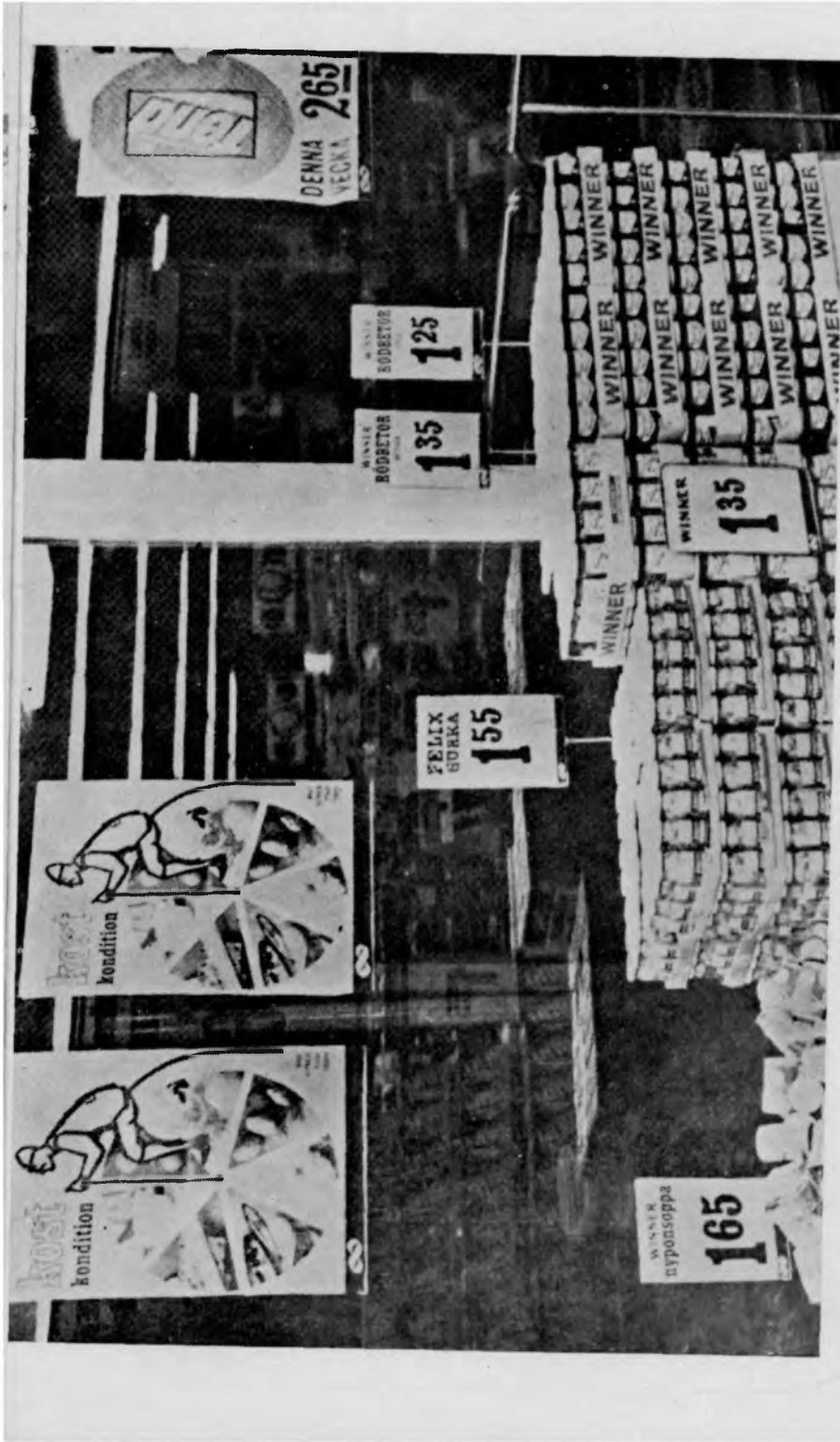
16.09.02 The kind of goods that could be included in the sales promotion activities in order to boost up their sales and the sales of the store as a whole are: new arrivals, seasonal goods, special offers, slow sellers to be cleared out, and any other items which the sales manager particularly wants to boost.

*Pricing of Items Included in Sales Promotion Activities*

16.10 The price of an article is the single most important motivating factor which attracts the customer to buy a particular item. Therefore, the articles included in the sales promotion activities should be priced in such a way that they attract the attention of the customers. Since higher sales are expected on these items, the manager should not use the ordinary way of fixing the prices (adding a particular percentage to cost price) but fix the price according to the expected sales volume bearing in mind that higher margin of profit in percentage is no guarantee to higher surplus. Remember, that these very articles should be a kind of a bait to attract the customers to come to the shop and buy the articles specially offered and also any other goods from the ordinary assortment.

16.10.02 The following is just a simple example indicating that higher margin of profit in per cent is not a guarantee to higher surplus at the end, as the margin of profit in amount per item and the expected sales volume are the factors deciding the total surplus.

<i>Particulars</i>	<i>Alternative</i>		
	A	B	C
Retail price (amount)	5	4	3.50
Cost price (amount)	3	3	3
Margin of profit (percentage)	40%	25%	14%
Margin of profit (amount)	2	1	0.50
Estimated sales (units)	100	220	950
Total surplus (amount)	200	220	225



(xxxii) A few items of goods displayed in plenty with prominent price information. The pictures on the top are eye catchers to arrest attention and to create necessary environment.



16.10.03 The psychological way of fixing prices *i.e.* by fixing the prices at a level which appears low to the customer is also very important, particularly with regard to items included in the sales promotion activities, *i.e.*,

Cost price	8.00	8.00
Trade margin	2.00	1.95
	<hr style="width: 50%; margin: 0 auto;"/>	<hr style="width: 50%; margin: 0 auto;"/>
	10.00	9.95
	<hr style="width: 50%; margin: 0 auto;"/>	<hr style="width: 50%; margin: 0 auto;"/>

(ordinary)    (psychological way)<sup>1</sup>

16.10.04 As the example shows the price fixed in the psychological way has a better appeal to the customers and is more impressive. Many investigations have also shown that this way of pricing gives a higher sales and also a better surplus as well as more satisfied customers.

#### *Sales Promotion Aids*

16.11 The purpose of sales promotion aids is:

- (i) to attract customers' attention towards the store and the goods sold, particularly with regard to the items included in the sales promotion activities;
- (ii) to give a proper price details and information about other particulars of the item displayed, such as quantity, quality, how to use it, etc.;
- (iii) to improve the environment/atmosphere of the store,
- (iv) to bring to the notice of the customers/members information concerning the ideological aspects of the store.

#### *Types of Sales Promotion Aids*

16.11.02 For external use:

- (a) Advertisement in newspapers (prepared and paid for by the store itself or by manufacturers);
- (b) Distribution of leaflets;

<sup>1</sup>Some of the retailers such as Bata Shoe Company are already following this method of price fixing in various parts of the world.



- (c) Cinema slides (prepared and paid for by the store itself or by manufacturers);
- (d) Posters;
- (e) Window display;
- (f) Group meetings etc. with customers.

#### 16.11.03 For internal use:

- (a) Posters prepared and paid for by the store itself or by manufacturers;
- (b) Price placards;
- (c) Demonstrations (prepared and paid for by the store itself or by manufacturers);
- (d) Folders (recipes) prepared and paid for by the store itself or by manufacturers;
- (e) List of sales suggestions (information of commodities with a purpose to keep the salesmen better informed about the details of a particular item/items);
- (f) Staff meetings;

16.11.04 Of course, all the sales promotion aids should not be used at the same time, but in a balanced way. The saying "One cannot see the forest for all the trees" is also relevant when using the sales promotion aids.

16.11.05 Remember that each display of sales promotion item should be supported always by a price placard and, if possible, with information on some of the basic details of the item.

16.11.06 The external sales promotion aids are to appeal to the customers/members at home or at any other place outside the store, to pay a visit to the store. When a customer visits the store, he/she should be reminded about the message conveyed through external sales promotion aids and make an appeal to the customer to pay a visit to the store. Lastly, the salesman should remind the customers about special offers, seasonal articles, etc.

#### *Communication of Messages to Customers*

16.12 Public relations and sales promotion aids are meant to establish communication with the customers and potential customers. In other words, public relations and sales promotion aids will carry a message from the sender (the store) to the receiver (the customer), and in order to under-

stand and be able to communicate this message from the sender to the receiver, one must, of course, speak the same “language”. The receiver, in this case the customer, is very often only listening to the message he or she wants to hear and reacts in different ways to different messages. Therefore, the sender has to use tricks, slogans and subjective messages, to a very great extent, to play on the receiver’s feelings and weaknesses. The customers of today are increasingly well-informed about the various tricks and devices used by traders in their advertisements to entice customers and are therefore forewarned to resist the appeal made in these messages in advertisements.

16.12.02 The sender of these messages (the retailers) are equally aware of the receivers’ (the customers’) cold and cautious receptiveness to these messages and are now trying to change their strategy of approach to one of “*Consumer Information*” and other silent selling techniques which are equally forceful appeals to induce customers to buy goods.

16.12.03 For a consumer cooperative store, it should be, of course, clear by now, to achieve optimum sales is to use the store’s resources in the best possible way to increase the sale of goods to customers and potential customers. The cooperative store should use sales promotion and public relation activities and give correct information about goods to the customers. They should also protect the customers from false and misleading advertisements and from adulterated and spurious goods by guiding them through proper information by way of advertisements. They should never stoop to cheap tricks, slogans and subjective messages, playing on the weaknesses and feelings of the customers.

#### *Display of Items Included in the Sales Promotion Activities*

16.13 The items included in the sales promotion activities should be located in such a way that the customers will not only be reminded of the particular item/items displayed but also of the whole assortment. To achieve this the items should be displayed at different vantage-points in the store, preferably in the same department/section to which the

items/goods belong. But a special offer of grocery item could also be displayed in a section/department for stationery articles and *vice-versa* with advantage. This would attract the attention of the customers to both the articles. Repetitive display also works on the minds of the customers.

16.14 When selecting the places for display of special articles, one has to use one's imagination and try to invent new ideas. The same is the case when arranging display on the places selected. In that case, however, one has to keep the following rules in mind:

- (a) Each place of special display (display of goods included in the sales promotion activities) should contain only a few varieties or articles but a large number of packages to create "massive impression;"
- (b) Each article should be supported by a price placard properly designed and exhibited in connection with the display;
- (c) Attempt should be made to inform through display how best to use the product;
- (d) Spoiled or damaged articles should never be displayed but only the best and most attractive ones;
- (e) The display should frequently be changed at least once a fortnight;
- (f) Posters should be displayed which could catch the eyes of the customers and at the same time give relevant information to the customers;
- (g) The items should be arranged in such a way that the customers should be prompted to select it herself/himself (easy to take), but by so doing, the display should not be spoiled;
- (h) Suitable complementary articles should be displayed together with the main articles, e.g., tooth brushes with tooth pastes, etc.;
- (i) The employees should be well-informed about the sales promotion activities and goals as well as how to use the articles etc. included in the sales plan.

16.14.02 What is stated above with regard to display of goods included in the sales promotion activities (new arrivals, seasonal articles, etc.) at suitable selected places in the store is also relevant for display of goods in show windows as well as for other decorations of the store.

16.14.03 It is only when the consumer cooperative stores adopt a sale-oriented approach and implement various sales promotion aids etc., that it will be in a position to operate in a competitive market and face the competition of the private traders effectively.

#### *Cost of Sales Promotion Activities*

16.15 The amount of money required for sales promotion activities is, to a large extent, determined by the competitive situation in the market, the assortment and the image of the store and the targets fixed with regard to increase in sales.

16.15.02 It is also a well-known fact that items which are consumed more, such as essential and daily necessities, need lesser sales promotion campaigns to boost up their sales. Items not consumed frequently often need extensive sales promotion aid. However, the idea of sales promotion activities for a cooperative store/society is that the whole store should project itself with the help of sales promotion activities for various items arranged in such a way that optimum sales are reached for the store/society as a unit. It is, therefore, important that finance is allocated for sales promotion activities in all cooperative stores/societies and that this money is properly invested in these activities so as to boost up sales.

16.15.03 So far, in the Region of South-East Asia, with the exception of a few countries, very few stores/societies have allocated money for sales promotion activities in their budgets, with the result that an important and vital part of sales management has been neglected. A percentage of sales has, therefore, to be allocated for these important activities in the same way as provision is made for salaries, interest, rent etc. One cannot help remembering the funny but nevertheless wise saying that is current among the circle

of progressive managers that "half the money spent on sale promotion activities is a waste, but we do not know which half." The fact that more and more money is being invested in the sales promotion activities in the western countries as also by private retailers in most developing countries clearly indicates the importance of the sales promotion.

#### *Coordination of Sales Promotion Activities*

16.16 While sales plans (sales campaigns) are being implemented, the external as well as internal sales promotion activities must be coordinated and integrated to achieve maximum results. Such sales promotion activities (sales campaigns) should also be coordinated with other cooperative stores/societies at the local level and sometimes also at the regional and national level, wherever possible, to ensure economy and efficiency.

16.16.02 In that case, the sales planning and the production of sales promotion material and procurement of goods could be coordinated and the launching of the activities fixed so as to achieve maximum effect for the entire cooperative movement within the region, resulting in reduction of costs. Through such coordination and integration of efforts, one would acquire a great deal of experience which later on could be ploughed back for future sales promotion activities and sales campaigns.

16.16.03 In fact, it should be one of the services offered by the state/national consumer cooperative federation to the cooperative stores/societies to assist in the planning and implementing of sales promotion activities and give the consumer movement a clear sales-oriented approach for building up a good cooperative image.

## *Sales Budgeting*

17.01 To estimate the sales volume is the most important part of the budgeting work and, at the same time, the most difficult one, as one has to depend on many outside factors which are sometimes difficult to forecast. To make a budget is not the same thing as to make a guess, since considerable number of factors have to be taken into consideration in the process of budgeting.

### *Factors Affecting the Sales*

17.02 The sales budget shall be based on the following facts :

- (a) Previous year's sale during the corresponding period;
- (b) Number of working days during the period to be budgeted;
- (c) Recent changes, if any, in sales trends related to the growth rate of the society :
  - (i) increase/decrease in competition from new

- shops or significant change in the sales policy of shops already established;
- (ii) changes in the route of the vehicular traffic affecting the volume of business favourably or otherwise;
  - (iii) any change in the population of the area in relation to the customers of the items stocked in the store, such as a new faculty, having a large number of students and teachers coming up in the area, construction of new residential flats resulting in more families shifting to the area and so on.
- (d) Seasonal variations with corresponding new items to be offered by the store and demanded by the customers;
  - (e) Special offers of new products, ration goods etc.;
  - (f) Scarcity of goods and alternative bumper crops and bulk purchases to reduce the rate;
  - (g) Important festivals like, Christmas, Diwali, Id etc.;
  - (h) Changes in money value and increase in salaries and consumption;
  - (i) Sales promotion activities planned and proposed by the store etc.

*Present Position*

17.03 In the Region of South-East Asia to-day, budgets are prepared every year and placed before the Committee of management largely in compliance with the statutory requirements. Few stores, however, prepare Sales Budgets with a view to using it as a managerial tool for growth and development. In a number of stores where these budgets are prepared, they are not put to effective use by the Board and the General Manager for the following reasons:

- (a) The budgets are not prepared realistically in as much as necessary factors mentioned in the fore-going paras are not properly kept in view;

**PROFORMA**

# SALES BUDGET

For the Month \_\_\_\_\_ 19

(XXXIII)

Date	Grocery Section			General Merchandise Section			Total for the Store			Re- marks
	Budgeted sales accumulated	Actual sale	Deviation	Budgeted sales accumulated	Actual sale	Deviation	Budgeted sales accumulated	Actual sale	Deviation	
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
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17										
18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
<b>TOTAL</b>										
Total accumulated for the year										
Total Budget for the year										



- (b) The employees in managerial, supervisory and sales positions are not involved in working out the budget, with the result they are not aware of the targets fixed by the Board/General Manager and consequently the employees do not identify themselves with the targets fixed, if any;
- (c) Regular comparisons between the results achieved and budgeted are not done and, therefore, the value of the budgeting has failed as, reasons for deviation, if any, are not analysed nor measures for rectifying such errors taken;
- (d) The budget terms are often quarterly and more often yearly and, therefore, it is impossible to make a correct assessment of the sales targets *vis-a-vis* results achieved.

17.04 The above factors result in, the entire budgeting becomes a ritual and routine and does not achieve its purpose.

#### *Terms of Budget*

17.05 In order to make the sales budget a valuable tool in the hands of the management, the following steps should be taken :

- (a) Sales budget should be prepared monthly for each sales department/section.
- (b) Monthly sales budgets should be split up into sales targets, if possible, per day.
- (c) The daily/monthly sales budget for each sales department/section should be merged into daily/monthly sales budget for the store as a whole.
- (d) Monthly sales budgets for various sales department/section should be merged into a yearly sales budget for the store as a whole.

*Involvement of Employees in Budget Work*

17.06 The various categories of employees, namely, General Manager, Department Managers, Supervisors and Salesmen should be involved in forecasting and fixing the targets. They should be informed regularly (daily or at least weekly) about the achievements and shortcomings. The cashier or the departmental manager should keep these records and every morning inform all the employees of each department/section about the previous day's sales and present position compared to the sales target fixed and also the sales target to be achieved by the department/section on the current day. Such an involvement of the employees and communication of information regularly of the sales target will certainly enable the employees to get identified with the sales target fixed and, indirectly improve the morale of the employees and their identification with the store's objectives and goals.

17.06.02 The management at present often complains that the employees do not take interest in the store's operation and that they do not identify themselves with the goals and objectives of the store.

17.06.03 The customers on their side complain that the sales employees do not take sufficient interest in attending to them and assisting them properly in the shopping.

17.06.04 On the other hand, the sales employees maintain that the management is not informing them about its expectations nor are they being involved in fixing the sales targets. They also complain that they are not properly rewarded for a good job done nor are they taken into confidence when decisions are made by the management affecting the employees and the business of the store.

17.06.05 A proper sales budget could surely be an important tool in pushing up the morale of the employees, their identification with the store and policies of the management. The involvement of employees in sales budgeting could be done through staff meetings as discussed earlier.

17.06.06 To further involve employees in achieving the daily targets fixed, one could link it with some incentive pay scheme. In that case, additional information on how much they have earned as incentive during the month and the sale target to be achieved during the current day before earning any incentive pay, has to be given to the employees in advance.<sup>1</sup>

#### *Budget Control*

17.07 If the budget is to work as an instrument for the Board and the General Manager in the management of the Store :—

- (a) the results achieved have to be *daily compared* with the target fixed and deviation, if any, communicated to the employees as has already been discussed in the preceding paras;
- (b) If heavy deviations occur, the budget for the remaining period should be revised and made realistic;
- (c) when controlling the budget one should ask oneself whether the sales of the store as a whole can be further increased.

if so,

- (i) how shall we adjust the sales policy ?
- (ii) how shall we make better use of the sales area?
- (iii) how can we improve assortment? and
- (iv) how can we even out the workload etc.?

17.08 Remember that a sales budget prepared with the proper involvement of the employees will create team-spirit among the employees as all of them have to work for the same goal and such a team work is the key to :

- (a) satisfied customers,
- (b) increased sales,

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<sup>1</sup> The subject “incentive” is dealt with separately.

- (c) good working environments for the employees;
- (d) increased incentive pay (if in force in a store);
- (e) efficient and smooth working;
- (f) reduced cost and more competitive prices;
- (g) growth of the employees with the growth of the store

17.09 Sales Budgeting on the lines indicated here as a managerial tool is already in use in the cooperative supermarkets in Japan with a degree of success.

17.10 A specimen proforma<sup>1</sup> is attached which could be used for proper budgeting work in a store.

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1. The specimen proforma provides only for grocery section and general merchandise. In actual practice, the proforma should provide for groups of commodities such as textiles, foot-wear, household articles etc. The more detailed the grouping and budgeting, the more useful will it be for management as a managerial tool.

## *Sales Planning*

18.01 Sales planning could be defined as “detailed plan of actions on how to achieve the sales targets fixed as per sales budget so as to arrange the selling procedure in a systematic way”

18.02 Before starting sales promotion and public relation activities, in a meaningful manner, one has to ask the following questions and find the answer:

- (a) What are the targets of sales I want to reach?
- (b) What particular category or categories of customers do I want to appeal through the sales promotion and public relation activities?
- (c) What are the particular goods I want to push in sales?
- (d) What should be the message or the media by which I could reach the customers in minimum cost with maximum returns?
- (e) How much money am I prepared to spend on the advertisement etc.?

18.03 The above indicates that planning has to be done carefully taking into consideration all aspects of sales promotion activities including advertisement. Since there are various means of sales promotion and advertising and

they are closely linked with each other, every single action taken must fit into the long-term planning and image of the store.

*Purpose of Sale Planning*

18.04 The purpose of sales planning is :

- (a) To set sales targets which will stimulate the manager and the sales staff to do their best in reaching the targets.
- (b) To avoid mistakes in buying and selling and to assess in advance as to what type of goods could be sold during a particular period.
- (c) To integrate all available resources and to be able to compete with the competitors in the area.
- (d) To take suitable action so that even slack business periods yield better buying activities by introduction of new ideas so as to stimulate the demand and interest among the customers.
- (e) To ensure that right type of items are offered to customers at suitable time and place.
- (f) To assess proper placement and attractive display of goods in a store to reach maximum sale turnover.
- (g) To assess the kind of sales promotion activities that are needed to boost up the sales.
- (h) To assess the requirement of personnel to handle the work involved in meeting the increased sales.
- (i) To work out costs of sales promotion activities.
- (j) To introduce new items in a systematic way.
- (k) To make the job of selling goods more easy and more interesting for the employees.
- (l) To increase customers' interest in visiting the store more frequently for purchases.
- (m) To frame coordinated actions and to integrate all available resources so as to arrive at a better and competitive results.

*Basis for Sales Planning*

18.05 The guidance for the sales planning should, of course, be the sales budget as well as the previous year's record of sales (achievements and failures). For example, suppose in the previous year, some seasonal articles were very much in demand by the customers while some other items were slow moving and the prices had to be reduced, such records of achievements and failures in the selling of various items should be kept in a store for future reference to avoid repetition of such mistakes.

*Areas to be Planned*

18.06 A sales plan properly worked out should cover the following areas :

- (a) type of items on which sales should be pushed up (campaign articles, seasonal articles, special offers, new arrivals and items to be cleared out, etc.).
- (b) where to display these items in the store?
- (c) what kind of posters, price placards and other advertising material should be displayed in the store in order to boost up sales of these items and to make the store more attractive?
- (d) what type of items should be exhibited in the show windows and other similar places so as to improve the environment of the store?
- (e) what type of practical demonstration of goods etc. should be taken up in the store?
- (f) discussion with the sales employees on advantages and disadvantages of the various items included in the sales plan to make them familiar with the assortment, and equip them with better methods of impressing the customer (sales suggestions).
- (g) decide upon the various publicity measures outside the store, such as leaflets, advertisements, etc.
- (h) cost involved in implementing the planned sales promotion activities.

*Terms of Sales Planning*

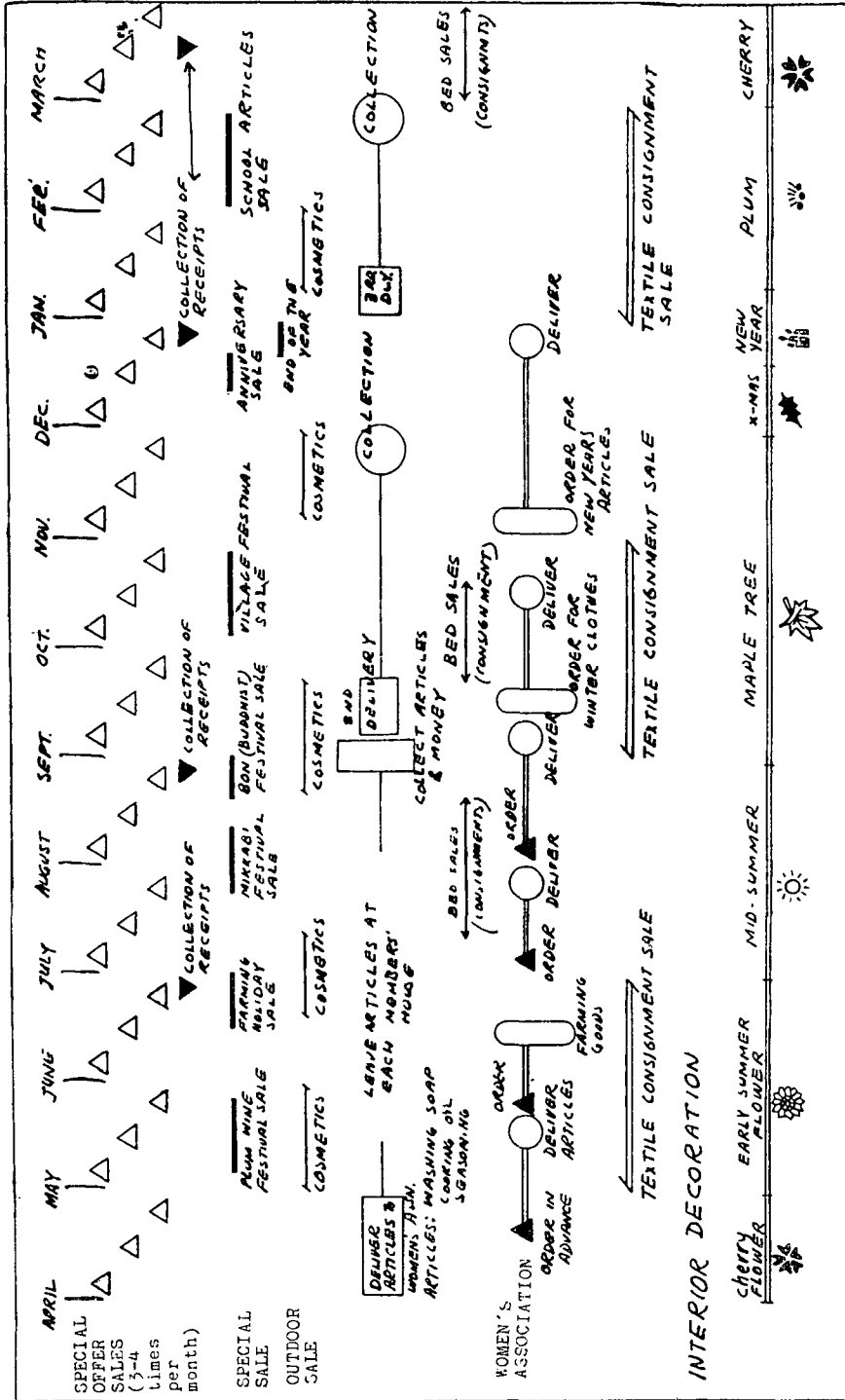
## 18.07

- (a) An annual sales plan for the store as a whole should be worked out, which should include the major events and sales promotion activities during the year. Such a plan could be worked out by the General Manager and distributed to the Department Manager/Supervisor well in advance.
- (b) A monthly sales plan divided into weeks should be worked out department/section-wise by the Department Manager/Supervisor, based on the yearly plan drawn up by the General Manager. While drawing up this monthly plan, the Department Manager/Supervisor should consult the employees working in the department/section as they may have many valuable suggestions to offer. The General Manager shall, based on the monthly sales plan for each Department/section, frame a monthly Master Sale Plan (Plan of Action) for the store as a whole in collaboration with the Department Manager/Supervisor.

*Involvement of Employees in Sales Planning*

- (i) In a managerial/supervisory staff meeting the General Manager should present the activities included in the yearly Master Sales Plan of the store for the actual period of planning and invite suggestions from the department managers/supervisors regarding the sales promotion activities which are planned to be taken up by the various departments/sections in order to achieve the sales targets fixed as per budget for a particular period (preferably one month).
- (ii) In a subsequent meeting of the same persons the General Manager, after going through the suggestions, should present a total plan of action to the department manager/supervisors for sales promotion activities of the store during a subsequent







# SPECIMEN SALES PLAN

Month \_\_\_\_\_ Year \_\_\_\_\_

DEPARTMENT / BRANCH \_\_\_\_\_

Period \_\_\_\_\_

Place of Display	Kind of item	Retail Price	Estimated quantity to be sold	Estimated Gross Profit	Sales Promotion Supports	Remarks
Wall Racks/Shafts Show Window (2) (9) (10)	Sarees (brand) Cotton	38/-	50	200	Price Placard Posters Advt. papers	delivery 0/3
Racks/Shelves Show Window 8 10	Bus-h Shirt	19/-	70	140	Price Placard Posters Advt. papers	Already in Stock
Counter Show Window (4) 10	Umbrellas	12/-	50	50	Price Placard Advt. papers	Already in Stock
Counter 4	Watches	139-219/-	30	500	Posting Advt. papers	delivery on 25/3
Counter Show Window 4 10	Sunglasses	3 90-8.90	150	100	Posters	Already in Stock
Racks/Shelves 7	Washing Soaps (Brands)	1.85	200	5	Price Placard	delivery on 30/3
Counter Racks/Shelves 3 6	Squashes	2 45	200	50	Price Placard Advt. papers	Advertised by Manufacturers
Counter Racks/Shelves 3 6	Biscuits (Brand)	1 25	200	30	Placard Advt. papers	Advertised by Manufacturers
Entrance door 1						

## COMMENTS

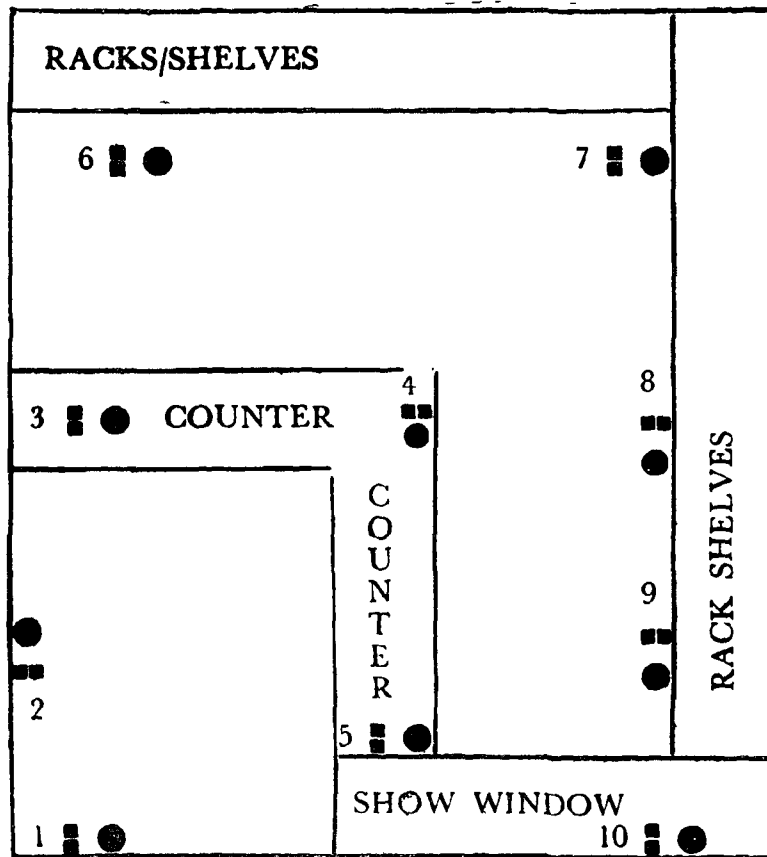
\*Copy of advertisement displayed on the entrance door

1. Advertisement in the paper(s) on the \_\_\_\_\_
2. Note that the Manufacturers will advertise Squashes and Biscuits during \_\_\_\_\_

(XXXV)

# MAP OVER THE SHOP

(Showing places for Display of Goods and Sales Promotion Supports\* included in the Sales plan)  
ENTRANCE



- Advertisement
- Display of goods

\*Advertising material  
Price Placards, etc.

month and a decision regarding the same for the store should be taken in these meetings.

- (iii) The department managers/supervisors should present in staff meetings the plan of action for a particular month and invite suggestions from the salesmen in the various sections on how to boost up sales. These suggestions should, if possible, be included in the sales plan of the department/section. Based on these suggestions the department managers/supervisors should work out a detailed plan of action for one month covering the items as indicated under "Areas to be planned".

#### *Process of Implementation*

18.09 After the monthly plan of action has been finalised, the managers/department managers/supervisors shall—

- (a) investigate what items (ordinary assortment as well as new articles, etc.) are finally going to be sold during the period and take action for purchase of these items, and see that the items are delivered well in time for the planned period as well as in the right quantity.
- (b) An analysis of the articles to be placed as part of sales promotion activity inside the store should be made. An analysis of the various places which are most vulnerable and frequented by customers should also be listed—and shown on a map. Based on this information, the articles should be displayed and rotated as per predetermined plan.
- (c) investigate the need for necessary posters, price placards, leaflets and other advertisement material to be used during the period under planning. Decide the messages to be communicated by these devices and also on a map as indicated above where these sales promotion aids should be arranged displayed to support the sale of goods and also to create an attractive environment in the store.

- (d) decide and make preparation for demonstrations, window display and other sales promotion activities during the period under planning which could boost up sales and make the store more interesting in the eyes of the customers.
- (e) call for staff meetings and sell the ideas with the sales plan and target fixed to the employees so that they identify themselves with the targets fixed. Also, in these meetings test the sales employees' knowledge about the items included in the sales plan, such as, new articles, seasonal items, special offers etc. and discuss with the sales employees various qualities, way of utilizing the goods etc., *i.e.*, make the employees more familiar with the goods to be sold and help them in preparing sales arguments/suggestions.
- (f) a week before starting of the period under planning, all these preparations should have been properly done so that the store within a few days could change its face and attractiveness as per sales plan and be prepared to meet the demands of the customers, extend the best possible services to the customers and attract potential customers as well.
- (g) As already indicated the yearly sales plan should bring out the proposed activities in general terms in respect of the store as a whole. A sales plan as used in the Japanese Cooperative Super Market is attached.

It will also be necessary to have a weekly/fortnightly sales plan as a part of the sale promotion. A specimen sales plan for a section of a store for weekly/fortnightly is also attached.

The diagram on the left of the sales plan indicates locations where the goods decided under the sales plan and advertisement thereof should be displayed to attract customers. The goods included in the sales plan should be changed accordingly to the frequency already decided preferably once a week.

The table on the right of sales plan indicates several details such as the name of the item, the place of display, their price, the quantity to be sold, the estimated gross profit, sales promotion supports and advertisements etc. with a view to implementing the plan. These plans so worked out should be discussed and made known to staff in meetings as also placing them on the staff notice boards for effective implementation.

#### *The Evaluation of Sales Plan*

18.10 It is not enough that a sales plan is made. It should be evaluated in terms of result achieved against the sales plan both in short (by weekly/fortnightly) and long periods (by yearly). The achievements and failures will have to be analysed with a view to learning lessons for the future as also to revise and re-set the sales plan for the subsequent periods. The causes analysed and the steps taken for improvements should also be discussed with the staff with a view to involving and motivating them continuously with the performance of the store.

#### *Japanese Experience*

18.11 In Japan the Cooperative Supermarkets, prepare sales plan as a plan of action for sales promotion activity with meticulous details and implement them with a degree of success. In fact, the sales plans have come to stay as important managerial tools of action for achieving the needed growth and service to the community.

## *Silent Selling*

19.01 Silent selling techniques are the product of modern marketing concept that an article, even before its manufacture, is "pre-sold". To enable this the manufacturer/producer creates the necessary market environs and prepares the consumer as a pre-requisite to the selling of the commodity. This mental preparation not only cuts the prejudices but also works on the theory of suggestibility towards demand creation. In the same manner the store has to prepare the customer by the application of a series of techniques with a view to attracting him towards the store and its products.

19.02 The invitation to a customer to visit the store is extended by the advancement of a number of well-planned messages through advertisements, cinema-slides, hand-outs, posters, consumer information bulletins, etc. As the preparation gets intensified the customer undertakes the journey towards a shop when he is reminded of the messages through repeat advertisements by means of slogans and themes. On reaching the store the customer is able to establish



association through symbols and posters and thus reinforces the earlier thought about the store. On entering into the shop and on seeing the product the customer is confirmed of its usefulness through the repetitive messages eventually leading to reality. The part played by the silent selling techniques is not only obvious but so deep-rooted that in all probability the customer will make many more visits to that shop and patronise to the satisfaction of all concerned.

19.03. The silent selling techniques broadly fall under two categories :

(a) *Outside the Shop*

- (i) newspaper advertisements
- (ii) handouts
- (iii) cinema slides
- (iv) consumer information bulletins
- (v) specially designed image building activities such as, essay competition, children sports, women activities, member education etc. schemes,

(b) *Shop Premises/Inside the Shop*

- (i) the frontage including the symbol, the sign-board, the posters etc.
- (ii) window display
- (iii) display of products
- (iv) special display on massive impression building the atmosphere including the colour schemes, light schemes, interior decoration, light music, etc.
- (v) price display.

19.04 In some ways carefully planned silent selling techniques are even more effective than the spoken salesmanship. When the silent selling technique is accompanied by a varied assortment, purity and quality, competitiveness in prices etc. the customer relation is established intimately with the customer gaining a high degree of confidence in the store, its products and activities.

19.05 With the salary costs going up and problems of handling men becoming more and more complex, it will become increasingly necessary to gradually shift the selling system from counter service to self-service and self-selection. Silent selling techniques, which have already an

important place in any kind of selling system, assume added significance with the introduction of self-service and self-selection.

19.06 Demonstration of products including fashion parades etc. with details of their use—though not strictly under the terms 'silent selling', contributes to the reinforcing of the confidence in the store and its products besides improving home management and home economics. To this an efficient handling of the customer through polite and pleasant behaviour, quick billing etc. helps in the building of an image in favour of the store and its products with an assured patronage, ever increasing sales and prosperity to all concerned.

19.07 The silent selling techniques are already in vogue in varying degrees in different countries. The high degree of productivity in retailing in some areas/stores are those that have already introduced in a big way the sales promotion including a large measure of effective silent selling techniques. This has contributed not only to the concerned store but has also worked as an innovation for improving the retail trade as a whole. The additional investment called for in implementing the silent selling techniques are much less than the salary costs with much greater returns.

19.08 In the South-East Asian region, the cooperative supermarkets in Japan have introduced silent selling techniques in a big way and as a result have attained considerable increase in efficiency, sales and profitability continued with an excellent service to community.

19.09 A few of the pictures indicating the silent selling techniques in action in the Cooperative Super Markets in Japan are incorporated in this book for emulation.

## *Window Display*

20.01 Window display is also an important part of silent selling, as a technique for boosting up sales and creating the environment and impression among the customers. As such window display is an important part of the sales promotion activities and has to be dealt with in a planned and systematic way to achieve the store's objectives to optimise the sales.

20.02 The window display is an important part of the shop front and has to compete with other stores in the matter of arresting the attention of customers. Window display has the potentiality to remind the customer of the message already he has through other media and throws an invitation to visit the shop.

20.03 The window display in the cooperative stores in most developing countries leaves much to be desired though in a few super markets a beginning has been made.

20.04 Basic for an attractive window display are :

- (a) The goods displayed in the show windows should be relevant to season and demanded by the customers.
- (b) The same goods which are displayed in the show windows should be displayed inside the store in such a way that customers are attracted to buy with ease.
- (c) Only a few items be included in the window display. Items should be of the same character or supplement each other *e.g.*, Lipton Tea, Tea sets and Biscuits.
- (d) The window pane should be properly cleaned.
- (e) The window should be properly illuminated.
- (f) Large price placards should indicate the prices of the goods displayed.
- (g) An eye-catcher (posters) or any other thing should be displayed so as to attract the attention of the customers.
- (h) The display should be changed frequently, say each fortnight.

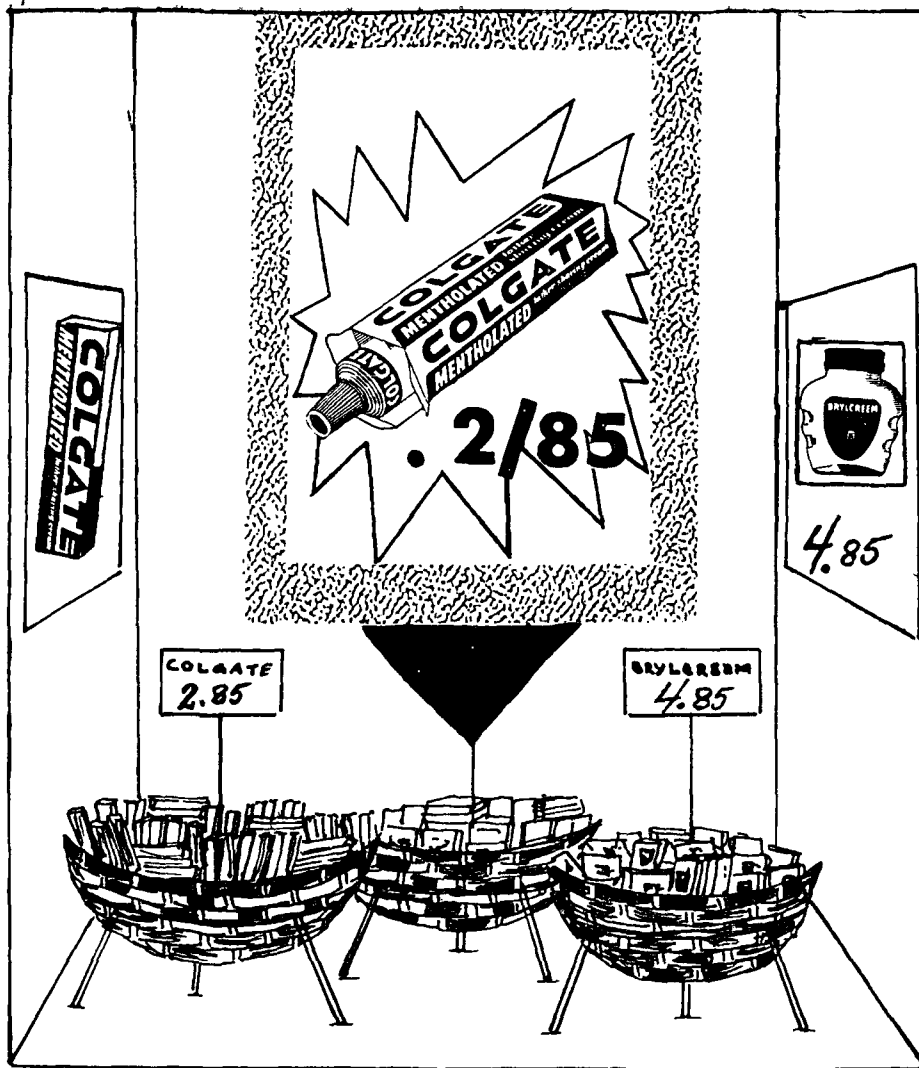
20.05 The mistakes generally committed in window display are :

- (a) Various goods are displayed in each window independent of their connection or supplementary character.
- (b) The price information is seldom given. Where it is given, very small price label is used which makes it difficult for customers to see.
- (c) The window panes are not clean and the goods inside give an impression of having been displayed for a long time. Often it is not attractive.
- (d) The windows are not properly illuminated.
- (e) The show window display is not properly followed up inside the shop with attractive sales display nor with proper advertisement. Thus it is not used as a useful sales promotion instrument.

20.06 The reason why the window display is generally not properly maintained in the cooperative stores is due to :

- (a) Lack of proper appreciation of the efficiency of sales promotion activities as an important instrument for increasing the sales.
- (b) Lack of accountability for sales promotion activities, internal decoration, show window display etc.

20.07 Often the private manufacturers, offer to lease show windows of the cooperative Super Bazar for some amounts, and some stores have entered into such agreements. The private manufacturers are interested to lease



(xxxvi) Window display of two items belonging to the toilet group. A big eye catcher with price. More quantity should be displayed to stimulate buying.

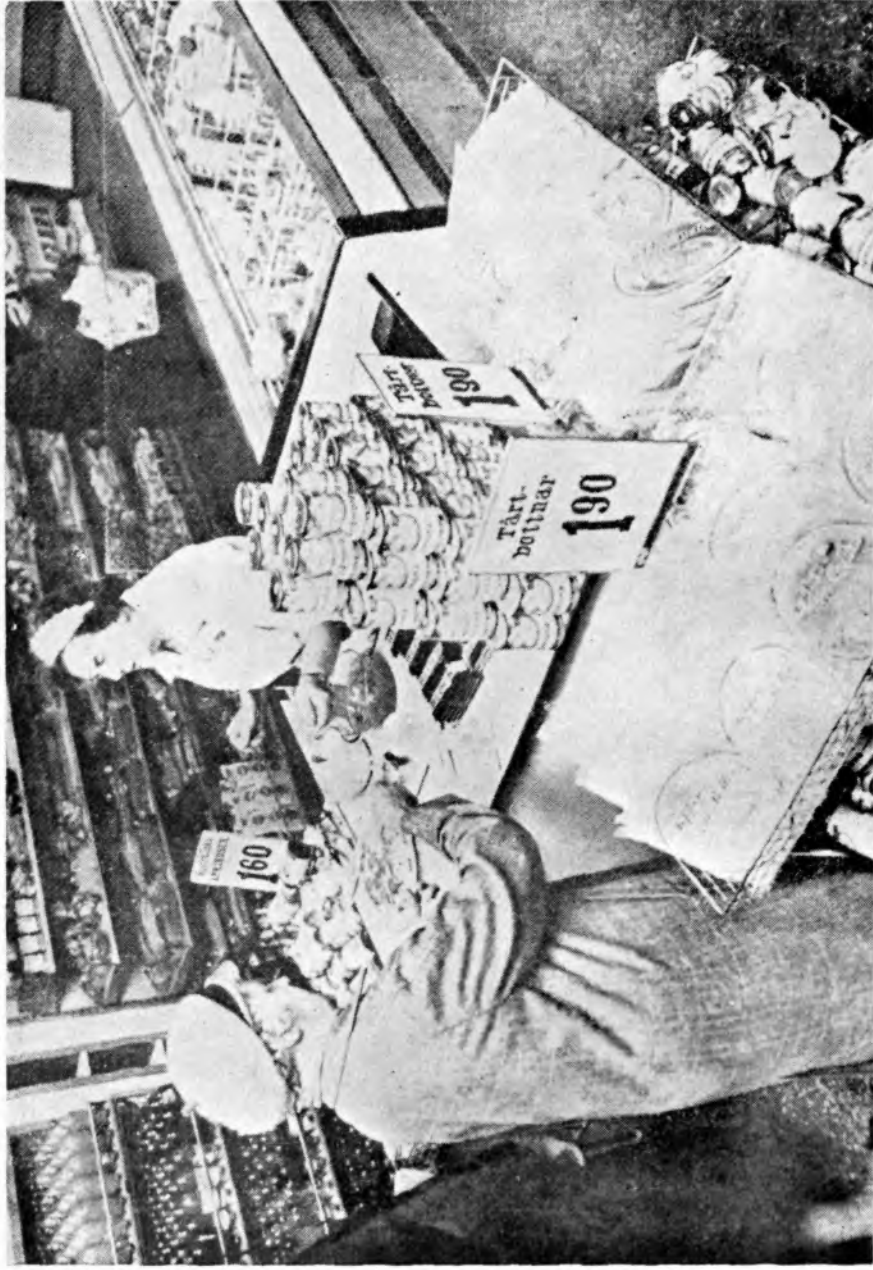


(xxxvii) When prices are marked prominently, they attract customers and silently induce them to buy.



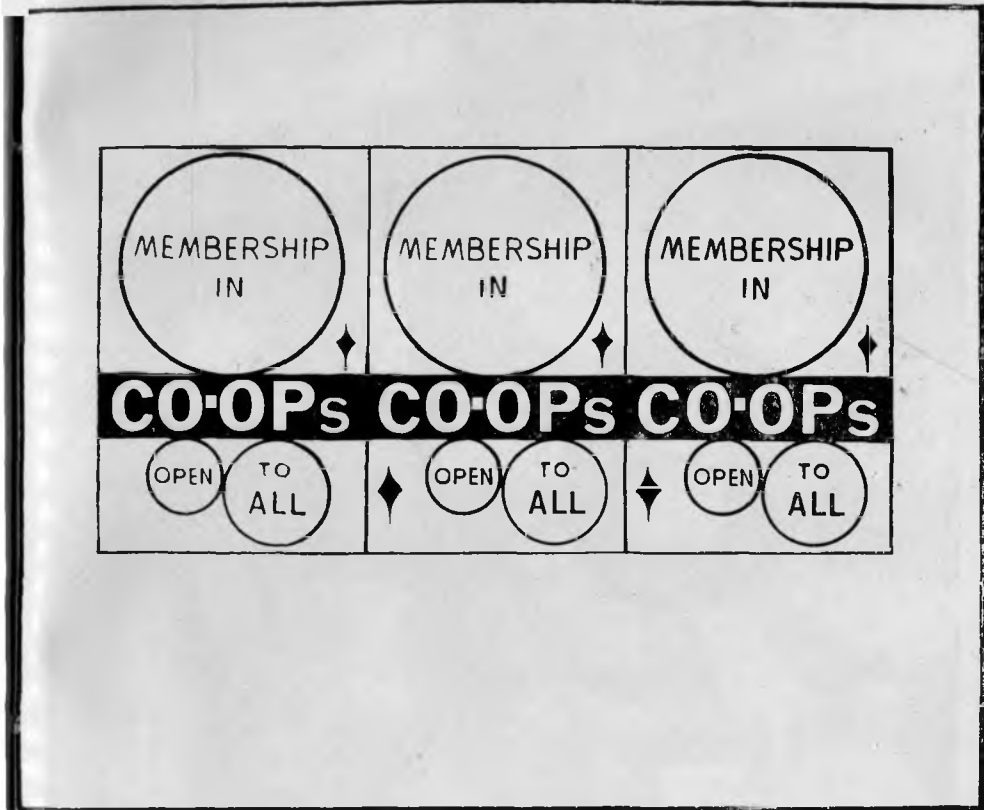


(xxxviii) One type of goods displayed with prices in bold letters to create a feeling of abundance. This has an impact on the customer who on seeing feels like buying.



(xxxix) Demonstration of goods is a way of introducing to the customer and largely to break prejudices. The demonstrator cooks, explains the method of preparation and initiates the customers to a new product.

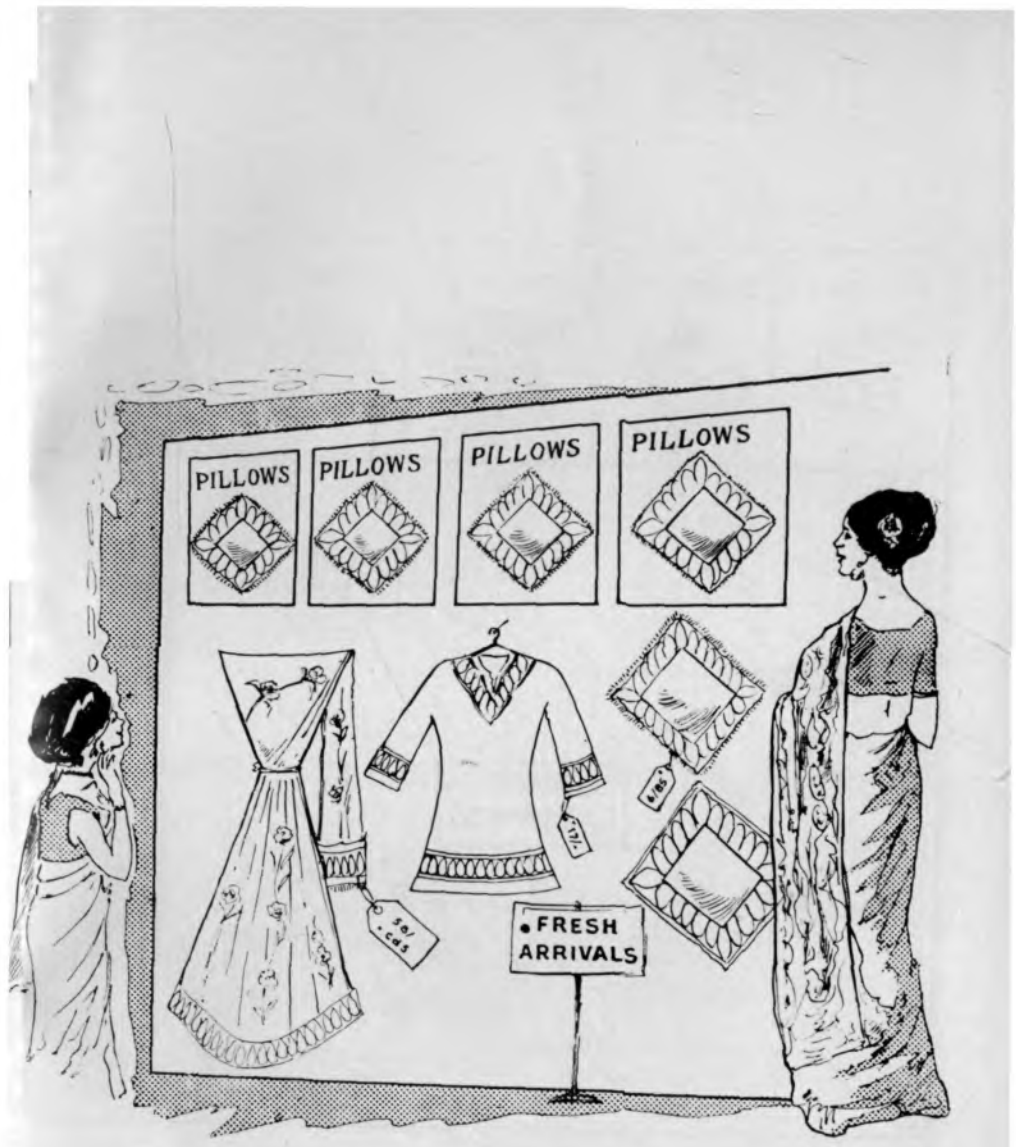




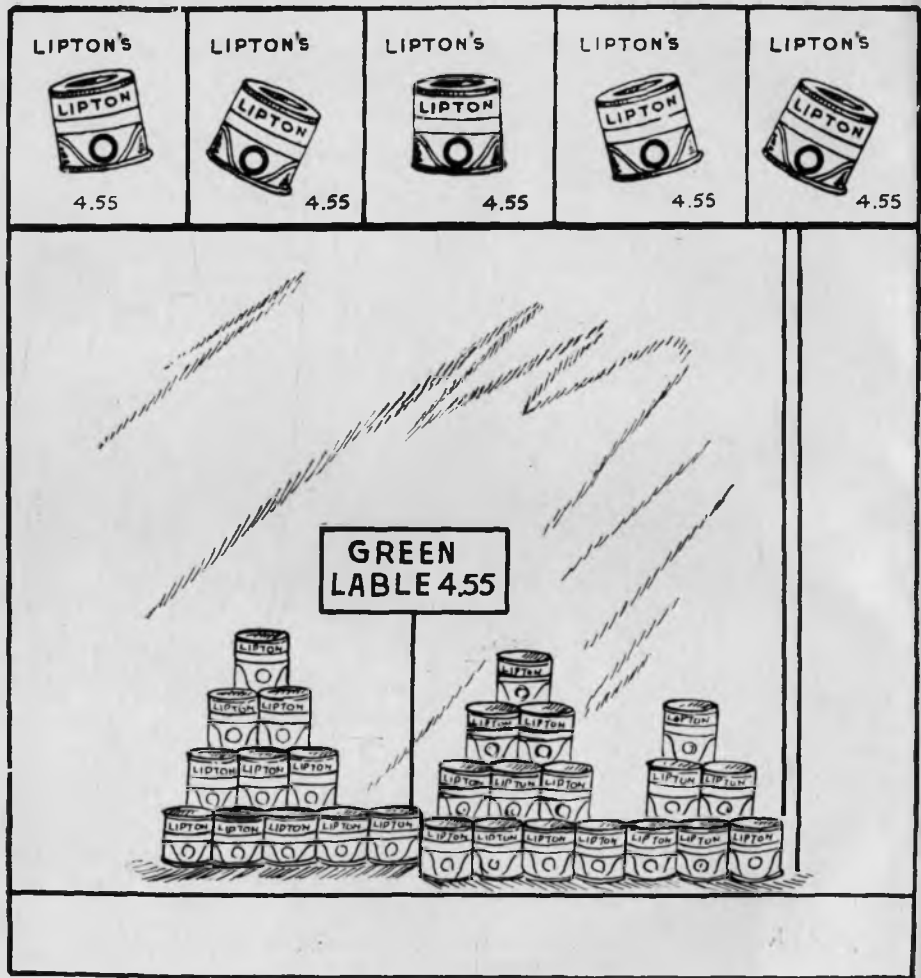
(XL) Display of Cooperative Idea through symbols—Series of posters attract customers, builds image and environment.



(xLi) Readymade Garments. Mark the Circular Display as an eye catcher. Prices are not indicated here. This should be done.



(xlii) Readymade garments—first arrivals to match season. Prices are prominently displayed.



(xLiii) Window Display of one item with prominent price information and a series of posters on the top arrest the attention of the customers.



(xLiv) Highlight of the Display. Latest arrivals of sarees exhibited by mannequins with prices create environment in a realistic setting. causes a festive appearance and induces customers to step in and demand.



these show windows not to increase their expenditure but to increase their income through such display.

20.07.02 Such leasing out of show windows by the cooperative stores will no doubt give some additional income to the stores and save some trouble for the store with regard to window dressing etc. But it is necessary to ensure that such displays are in the interest of the stores sale promotion activity and that it will stimulate its own sales in addition to projecting its image.

20.07.03 The cooperative stores should use the show windows as an instrument to improve their sales and image in the eyes of the customers and potential customers. In case the stores cannot properly maintain their show windows they may lease them out to other cooperatives or private manufacturers as a second best alternative.

20.08 A medium sized Super Bazar in India which is located in a busy shopping street with a number of show windows suitable for window display to project the image of the store for improving its sales had used their show windows as store room for old files which gave an image of a poorly maintained store room or workshop. *This is not the way show windows in cooperative stores should be used* as it spoils the image of the cooperative store in particular and about the consumer cooperative movement in general.

## *Clearance Sales*

21.01 Clearance sale is an important tool to clear out the slow sellers, fashion goods and seasonal items and help in boosting up the sales. Clearance sale also attracts attention of the customers—by large crowds collecting and patronising the store on such occasions. As a result not only the goods offered for clearance sale are sold but the customers buy other items as well.

21.02 Seasonal goods and slow sellers, if not cleared out, may become a liability to the store. The capital gets blocked, the goods lose their value due to change in fashion and deterioration due to storage difficulties etc. The loss of interest and value is sometimes even more than the cost of the item itself. The loss involved in blocking capital—which otherwise could have been utilised in the business for pushing large profit earning quick sellers is difficult to estimate but will be substantial. Further, the slow sellers and left-overs create poor impression and consequently the store as a whole earns a poor image among the customers.



21.03 When resorting to clearance sale, it should be supported by the sale promotion activity such as advertisement, massive and window displays etc. It is also necessary that the price placards are prominently displayed and that the customers are stimulated by all the available media about the sale campaign.

21.04 The price reduction on articles offered for clearance sales should be substantial, for; marginal reduction do not attract customers. When there is a big reduction in the price, the clearance sale assumes significance, as it induces the customers to flock in large numbers for a real clearance.

21.05 Heavy price reduction during clearance sale is not a loss, as is sometimes made out to be particularly when compared with the cumulative losses by holding the articles for another season or a year. Further, while fixing the prices, a margin—on the basis of past experience—should be kept for the left-over say 25% to be sold at cost price or even below cost price—the difference being made up by the 75% already sold out.

21.06 With the help of the coded dates on each article, it should be possible to detect the slow movers and reduce the price as an inducement for pushing them out. Further, the clearance sale should be organised before the end of the season, preferably during the second part of the season, so that the attraction for buying it even on a seasonal basis still continues.

21.07 The clearance sale should be a regular event four times a year. The clearance sale should be well integrated with the sales planning and sales promotion activities. Every time a clearance sale is undertaken the necessary support through different media, placards, price display, window display etc., should be intensified. Psychological pricing, in addition to substantial reduction should be ensured.

21.08 The clearance sale as an instrument for boosting sale and image building has been undertaken successfully

by cooperative super markets in Japan. In a few other countries in the region, however, the managements are very hesitant to undertake clearance sales. They continue to hold unsold stocks and eventually turn them unsalable with the consequent losses, inefficiency, poor image and bad reputation.

21.09 The clearance sale should be the talk of the town—people should look forward and await the dates anxiously.

## INTER-FIRM COMPARISON

TOTAL RESULT THROUGHOUT THE YEAR OF 1969 (FISCAL) SUPER MARKET OPERATION

Unit : 1,000 yen.

Supermarket	Sales				Gross Profit				Personnel Expenditure				Other Expenditure									
	1968	1969	Increase amount	%	1968	% of sales	1969	% of sales	Increase amount	%	1968	% of sales	1969	% of sales	Increase amount	%	1968	% of sales	1969	% of sales	Increase amount	%
Group 'A' 1	796,111	842,614	46,503	105.8	122,909	15.4	134,414	15.9	11,505	109.4	39,530	5.0	42,581	5.0	3,051	107.7	21,565	2.7	21,019	2.5	—546	99.5
2	475,018	1,170,629	695,611	246.4	74,134	15.6	195,649	16.7	121,515	263.9	27,441	5.8	51,700	4.4	24,259	188.4	16,155	3.4	26,960	2.3	10,805	69.9
3	1,283,885	1,502,016	218,131	117.0	198,265	15.4	224,454	14.9	26,189	113.2	51,873	4.0	54,049	3.6	22,176	104.2	27,850	2.2	24,344	1.6	—3,506	87.4
4	1,001,552	1,048,957	47,405	104.7	146,302	14.6	154,602	14.7	8,300	105.7	38,187	3.8	42,225	4.0	4,038	110.6	25,326	2.5	22,651	2.1	—2,657	89.9
5	—	650,798	650,798	—	—	—	102,285	15.7	102,285	—	—	—	31,791	4.9	31,971	—	—	—	23,936	3.7	23,966	—
6	1,064,132	1,173,850	109,718	110.3	175,164	16.5	201,217	17.1	26,053	114.9	46,540	4.4	51,752	4.4	5,212	111.2	28,902	2.7	29,520	2.5	618	102.5
7	626,561	777,169	150,608	124.0	104,575	16.7	130,228	16.7	25,653	124.5	28,887	4.6	35,677	4.6	6,790	123.5	19,824	3.2	18,283	2.3	1,541	92.3
8	—	639,071	639,071	—	—	—	98,308	15.4	98,308	—	—	—	30,495	4.9	30,495	—	—	—	19,421	3.0	19,421	—
9	—	259,425	259,425	—	—	—	38,392	14.8	38,392	—	—	—	12,761	4.9	12,761	—	—	—	12,806	4.9	12,806	—
10	711,399	1,009,292	297,893	141.9	107,886	15.2	162,412	16.1	54,526	150.5	36,005	5.1	47,502	4.7	11,497	131.9	26,534	3.7	30,195	3.0	36,611	113.8
11	—	716,988	716,988	—	—	—	113,624	15.8	113,624	—	—	—	35,644	5.0	35,644	—	—	—	20,696	2.9	20,196	—
12	1,339,176	1,650,018	310,842	123.2	208,817	15.6	262,918	15.9	54,101	125.9	60,055	4.5	71,714	4.3	11,659	119.4	41,694	3.1	51,200	3.1	9,506	122.8
13	462,036	514,127	52,091	111.3	76,985	16.7	83,614	16.3	6,629	108.6	26,872	5.8	29,559	5.7	22,687	110.0	12,645	2.7	13,391	2.6	746	105.0
14	685,078	806,407	121,329	117.7	109,562	16.0	133,122	16.5	23,550	121.5	37,627	5.5	42,795	5.3	5,168	113.7	27,065	3.9	27,417	3.4	352	106.0
15	80,270	902,998	100,297	112.5	136,464	17.0	153,063	16.9	16,599	112.2	41,349	5.1	43,426	4.8	2,077	105.0	22,556	2.8	22,720	2.5	164	100.0
16	538,451	639,008	100,557	118.7	84,451	15.7	98,158	15.4	13,707	108.4	28,454	5.3	30,599	4.7	1,845	106.5	15,021	2.8	13,254	2.1	—1,767	88.9
<b>TOTAL Group 'A'</b>	<b>9,786,100</b>	<b>14,303,367</b>	<b>4,517,267</b>	<b>146.2</b>	<b>1,545,514</b>	<b>15.8</b>	<b>2,286,450</b>	<b>16.0</b>	<b>740,936</b>	<b>147.9</b>	<b>462,820</b>	<b>4.7</b>	<b>653,970</b>	<b>4.6</b>	<b>191,150</b>	<b>141.3</b>	<b>285,137</b>	<b>2.9</b>	<b>377,813</b>	<b>2.6</b>	<b>92,676</b>	<b>132.5</b>

Supermarket	Sales				Gross Profit				Personnel Expenditure				Other Expenditure										
	1968	1969	Increase amount	%	1968	% of sales	1969	% of sales	Increase amount	%	1968	% of sales	1969	% of sales	Increase amount	%	1968	% of sales	1959	% of sales	Increase amount	%	
Group 'B'	1	355,387	385,351	29,964	108.4	49,297	13.9	52,393	13.6	3,096	106.3	15,810	4.4	17,521	4.5	1,711	110.8	8,221	2.3	8,154	2.1	-67	99.2
	2	403,850	581,910	178,060	144.1	59,531	14.7	92,664	15.9	33,133	155.7	25,149	6.2	31,320	5.4	6,171	124.5	16,193	4.0	16,591	2.8	398	102.5
	3	255,984	308,642	52,658	120.6	37,810	14.8	41,735	13.5	3,925	104.1	14,533	5.7	14,545	4.7	-79	99.5	7,145	2.8	6,272	2.0	-882	87.7
	4	331,818	346,917	15,099	104.5	50,554	15.2	48,002	13.8	-2,552	94.9	17,449	5.2	16,813	4.8	-636	96.3	9,436	2.8	8,722	2.5	-714	92.4
	5	411,167	383,445	-27,752	93.2	64,634	15.7	56,514	14.7	-8,120	87.4	22,317	5.4	20,968	5.5	-1,331	94.0	11,589	2.8	10,267	2.7	-1,322	88.6
	6	116,522	305,225	188,703	261.9	17,492	15.0	47,871	15.7	30,379	273.7	6,531	5.6	17,036	5.6	10,505	260.8	4,484	3.8	8,998	2.9	4,514	200.7
	7	265,351	323,557	58,206	121.9	43,390	16.3	51,329	15.9	7,939	118.3	16,455	6.2	17,691	5.5	1,236	107.5	8,395	3.2	7,600	2.3	-795	90.5
	8	380,210	403,357	23,147	106.1	68,710	18.1	69,374	17.2	664	101.10	23,791	6.2	24,754	6.1	963	104.0	11,665	3.1	12,783	3.2	1,118	109.6
	9	284,373	340,478	56,105	119.7	49,521	17.4	56,947	16.7	7,426	115.0	16,834	5.9	19,727	5.8	2,893	117.2	7,778	2.7	9,484	2.8	1,706	121.9
	10	199,453	235,978	36,525	118.3	31,053	15.6	36,807	15.6	5,745	118.5	11,741	5.9	13,538	5.7	1,797	115.3	6,141	3.1	6,755	2.9	614	110.0
TOTAL Group 'B'		3,004,115	3,614,830	610,715	120.3	471,992	15.7	553,636	15.3	81,644	117.3	170,610	5.7	193,840	5.4	23,230	113.6	91,056	3.0	95,626	2.6	4,570	105.0
TOTAL Super Mkt.		12,790,215	17,918,197	5,127,982	140.1	2,017,506	15.7	2,840,086	15.8	8,225,80	140.8	633,430	4.9	847,810	4.7	214,380	133.8	376,193	2.9	473,439	2.6	97,246	125.8
TOTAL Home Delivery Service		23,662,452	31,220,785	7,558,333	131.9	4,012,333	16.9	5,386,575	17.2	1,374,242	134.2	1,376,675	5.8	1,793,911	5.7	417,236	130.3	667,241	2.8	876,686	2.8	209,445	131.4
Barber Shop		10,427	12,741	2,314	112.2	1,915	18.4	2,300	18.0	385	120.1	1,852	17.8	1,707	13.4	-145	92.2	70	0.7	30	0.2	-40	43.5
Beauty Saloon		9,107	10,381	1,274	114.0	8,442	92.7	9,526	91.8	1,084	112.8	6,175	67.8	6,785	65.3	610	109.9	578	6.3	696	6.7	118	120.4
Sales from Central Ware House		187,812	191,544	3,732	102.0	59,545	31.7	43,462	22.7	-16,083	73.0	831,243	—	1,100,838	—	269,595	132.4	878,887	—	1,202,421	—	323,534	136.8
Retail Units, Osaka		207,346	214,666	7,320	103.5	69,902	33.7	55,288	25.7	-14,614	79.1	839,270	—	1,109,330	—	270,060	—	879,535	—	203,147	—	323,612	—
Grand Total Society		23,869,798	31,435,451	7,565,653	131.7	4,082,235	17.1	5,441,863	17.3	1,359,628	133.3	2,215,945	9.3	2,903,241	9.2	687,296	131.0	1,546,776	6.5	2,079,833	6.6	53,357	134.5

INTER FIRM COMPARISON SUPER MARKET OPERATION (Contd.)

Super Market	Operation Profit						Over Head						Total Expenses						Net Operation Surplus (Profit)					
	1968	% of sales	1969	% of sales	Increase amount	%	1968	% of sales	1969	% of sales	Increase amount	%	1968	% of sales	1969	% of sales	Increase amount	%	1968	% of sales	1969	% of sales	Increase amount	%
Group A																								
1	61,814	7.7	70,815	8.4	9,000	114.5	56,557	7.1	54,531	6.5	-2,206	96.4	117,652	14.8	118,131	14.0	479	100.4	5,257	0.6	16,283	1.9	11,026	309.7
2	30,538	6.4	116,989	10.0	86,451	383.1	37,238	7.8	102,425	8.7	65,187	275.0	80,834	17.0	181,085	15.4	100,251	224.0	-6,700	-4.4	14,564	1.3	21,264	417.4
3	118,542	9.2	146,061	9.7	27,519	123.2	86,414	6.7	79,292	5.3	-7,122	91.7	166,137	12.9	157,685	10.5	-8,452	94.9	32,128	2.5	66,769	4.4	34,641	207.8
4	82,789	8.3	89,726	8.6	6,937	108.4	68,699	6.8	63,741	6.1	-4,958	92.8	132,212	13.1	128,617	12.2	-3,595	97.3	14,090	1.5	25,985	2.5	61,895	184.4
5	—	—	46,558	7.1	46,558	—	—	—	67,417	10.3	67,417	—	—	—	123,144	18.9	123,144	—	—	—	-20,859	-3.2	-20,859	—
6	99,722	9.4	119,945	10.2	20,223	120.3	73,018	6.9	68,012	5.8	-5,006	93.1	148,460	14.0	149,284	12.7	824	100.5	26,704	2.5	51,933	4.4	25,239	194.5
7	55,864	8.9	76,268	9.8	20,404	136.5	44,825	7.1	57,537	7.4	12,712	128.3	93,536	14.9	111,497	14.3	17,961	119.2	11,039	1.8	18,731	2.4	7,692	169.7
8	—	—	48,392	7.6	48,392	—	—	—	57,310	9.0	57,310	—	—	—	107,226	16.8	107,226	—	—	—	-8,918	-1.4	-8,918	—
9	—	—	12,825	5.0	12,825	—	—	—	36,589	14.1	36,589	—	—	—	62,156	23.9	62,156	—	—	—	-23,764	9.1	-23,764	—
10	45,347	6.4	84,715	8.4	39,368	186.8	55,180	7.7	76,826	7.6	21,646	139.2	117,719	16.5	154,523	15.3	36,804	131.3	-9,833	-1.3	7,889	0.8	17,722	280.2
11	—	—	57,284	7.9	57,285	—	—	—	64,075	8.9	64,075	—	—	—	120,415	16.8	120,415	—	—	—	+6,791	-1.0	-6,791	—
12	107,068	8.0	140,004	8.5	32,936	130.8	96,146	7.2	110,393	6.7	14,248	114.8	197,894	14.8	233,307	14.1	35,413	117.9	10,923	0.8	29,611	1.8	18,688	271.1
13	37,468	8.2	40,664	8.0	3,196	108.5	33,138	7.2	34,466	6.7	1,328	104.0	72,655	15.7	77,416	15.0	4,761	106.5	4,330	1.0	6,198	1.3	1,868	143.2
14	44,870	6.6	62,900	7.8	18,030	140.2	57,567	8.4	69,379	8.6	11,812	120.5	122,259	17.8	139,591	17.3	17,332	114.2	-12,697	-1.8	-6,479	-0.8	6,218	149.0
15	72,559	9.1	86,917	9.6	14,358	119.8	60,211	7.5	62,980	7.0	2,769	104.6	124,116	15.4	129,126	14.3	5,010	104.0	12,348	1.6	23,937	2.6	11,589	193.8
16	40,976	7.6	54,605	8.6	13,629	133.3	38,706	7.2	39,344	6.1	638	101.6	82,181	15.3	82,897	12.9	716	100.9	2,270	0.4	15,261	2.5	12,991	692.1
<b>Sub-Total Group A</b>	<b>797,557</b>	<b>8.2</b>	<b>1,254,667</b>	<b>8.8</b>	<b>457,110</b>	<b>157.3</b>	<b>707,698</b>	<b>7.2</b>	<b>1,044,317</b>	<b>7.3</b>	<b>336,619</b>	<b>147.6</b>	<b>1,455,655</b>	<b>14.8</b>	<b>2,076,100</b>	<b>14.5</b>	<b>620,445</b>	<b>142.6</b>	<b>89,859</b>	<b>1.0</b>	<b>210,350</b>	<b>1.5</b>	<b>120,491</b>	<b>544.1</b>

Super Market	Operation Profit						Overhead						Total Expenses						Net Operation						
	1968	% of sales	1969	% of sales	Increase amount	%	1968	% of sales	1969	% of sales	Increase amount	%	1968	% of sales	1969	% of sales	Increase amount	%	1968	% of sales	1969	% of sales	Increase amount	%	
Group B																									
1	25,266	7.2	26,718	7.0	1,452	105.7	23,128	6.5	17,817	4.6	-5,311	44.0	47,159	13.2	43,492	11.2	-3,667	92.2	2,138	0.7	8,901	2.4	6,763	416.3	
2	18,189	4.5	44,753	7.7	26,564	243.0	30,759	7.6	51,142	8.8	20,353	166.1	72,131	17.8	99,053	17.0	26,922	137.3	-12,600	-3.1	-6,389	-1.1	6,211	149.3	
3	16,123	6.3	21,009	6.8	4,886	130.3	18,211	7.1	15,655	5.1	-2,556	86.0	39,898	15.6	36,381	11.8	-3,517	91.2	-2,088	-0.8	5,354	1.7	7,442	456.4	
4	23,669	7.2	22,467	6.5	-1,202	94.9	23,173	7.0	19,308	5.6	-3,865	83.5	50,058	15.0	44,483	12.9	-5,215	89.6	496	0.2	3,159	0.9	2,663	636.9	
5	30,728	7.5	25,261	6.5	-5,467	82.2	28,597	6.9	22,055	5.7	-6,542	77.1	62,503	15.1	53,308	13.9	-9,195	85.3	2,131	0.6	3,706	0.8	1,075	154.4	
6	6,477	5.6	21,837	7.2	15,360	33.7	8,436	7.2	24,630	8.1	16,194	292.5	19,451	16.6	50,664	16.6	31,213	260.5	-1,959	-1.6	-2,793	-0.9	-834	57.4	
7	18,540	6.9	26,038	8.1	7,498	140.4	19,788	7.4	18,984	5.9	-804	95.9	44,638	16.8	44,275	13.7	-363	99.2	-1,248	-0.5	7,054	2.2	8,302	765.2	
8	33,254	8.8	31,837	7.9	-1,417	95.7	27,584	7.2	27,659	6.8	75	100.0	63,040	16.5	65,196	16.1	2,156	103.4	5,670	1.6	4,178	1.1	-1,492	73.7	
9	24,909	8.8	27,736	8.1	2,827	111.3	20,913	7.3	21,865	6.4	952	104.5	45,525	15.9	51,076	15.0	5,551	112.2	3,996	1.5	5,871	1.7	1,875	146.9	
10	13,171	6.6	16,514	7.0	3,343	125.4	15,505	7.8	15,603	6.6	98	100.6	33,387	16.8	35,896	15.2	2,509	107.5	-2,334	-1.2	911	0.4	3,245	239.0	
Sub-Total Group B	210,326	7.0	264,170	7.3	53,844	125.6	216,214	7.2	234,718	6.5	18,594	108.6	477,790	15.9	524,184	14.5	46,394	109.7	-5,798	-0.2	29,452	0.8	35,250	708.0	
Total Super Market	1,007,883	8.0	1,518,837	8.5	510,954	150.7	923,822	7.2	1,279,035	7.1	355,213	138.4	1,933,445	15.0	2,600,284	114.4	666,839	134.5	84,061	0.8	239,802	1.4	155,741	285.3	
Total (Home Service, delivery)	1,968,417	8.3	2,715,978	8.7	747,561	137.9	1,713,756	7.2	2,305,255	7.4	591,499	134.4	3,757,672	15.8	4,975,852	15.9	1,218,180	132.4	254,661	1.1	410,723	1.3	156,062	161.3	
Barber Shop	-7	-0.1	563	4.4	570	-	-	-	-	-	-	-	1,922	18.5	1,737	13.6	-185	90.4	-7	-0.1	563	4.4	590	-	
Beauty Saloon	1,689	18.6	2,045	19.8	356	121.1	-	-	-	-	-	-	6,753	74.1	7,481	72.0	1,728	110.8	1,689	18.6	2,045	19.8	356	121.1	
	-	-	-	-	-	-3,626	-	-	-	-	-	-	-3,626	-	-2,000	-	1,626	-	3,626	-	2,000	-	-1,626	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-	4	-	-	-	-	-	-4	-	-4	-
Sales from Central Warehouse	-1,650,585	-	-2,269,797	-	-609,212	136.9	-1,710,130	-	-2,303,259	-	9,593,129	134.7	-	-	-	-	-	-	59,545	31.7	43,462	22.7	-16,083	73.0	
Retail Units Osaka	-1,648,903	-	-2,257,189	-	-608,286	-	-1,713,756	-	-2,305,255	-	-591,499	-	5,049	-	17,222	-	21,073	-	64,853	-	48,066	-	-16,897	-	
Grand Total Society	319,514	1.3	458,789	1.5	139,275	142.6	0	-	0	-	0	-	3,762,721	15.8	4,983,074	15.8	1,220,353	122.4	319,514	1.3	458,789	1.5	139,295	143.2	

# INTER FIRM COMPARISON

TOTAL RESULT THROUGHOUT THE YEAR OF 1969 (FISCAL) HOME DISTRIBUTION OPERATION

1969 March Unit : 1000 yen

Home Distribution Centre	Sales				Gross Profit				Personnel Expenditure				Other Expenditure										
	1968	1969	Increase over the year	% (increase)	1968	% against sales	1969	% against sales	Increase over the year	% increase	1968	% against sales	1969	% against sales	Increase over the year	% Increase	1968	% against sales	1969	% against sales	Increase over the year	% increase	
Group 'A'	1	698,918	767,267	68,349	109.8	132,405	18.9	145,360	18.9	12,955	109.0	47,093	6.7	53,374	6.9	6,281	113.3	16,673	2.4	19,301	2.5	2,628	115.8
	2	447,656	511,475	63,819	114.2	80,293	17.9	96,202	18.8	15,909	119.8	29,959	6.7	36,147	7.1	6,188	120.6	12,892	2.9	15,856	3.1	2,964	123.0
	3	521,319	598,254	76,935	114.7	93,091	17.8	108,381	18.1	15,290	116.9	34,377	6.6	40,839	6.8	6,462	118.8	14,150	2.7	18,749	3.1	4,599	132.5
	4	623,742	768,060	144,318	123.1	111,974	17.9	145,136	18.9	33,162	129.6	39,081	6.3	49,687	6.5	10,576	127.1	13,502	2.2	18,837	2.4	5,325	139.5
	5	422,972	519,808	96,836	122.9	78,981	18.7	100,867	19.4	21,886	127.7	28,756	6.8	36,179	7.0	7,423	124.8	11,034	2.6	14,504	2.8	3,470	131.4
	6	431,027	513,417	82,390	119.1	73,083	16.9	91,830	17.9	18,747	125.6	27,292	6.3	35,417	6.9	8,125	129.8	11,349	2.6	14,489	2.8	3,140	127.7
	7	542,786	619,419	116,633	121.5	98,979	18.2	124,203	18.8	25,224	125.5	32,911	6.1	42,062	6.4	9,151	127.8	13,609	2.5	19,924	3.0	6,315	146.4
	8	372,399	516,082	143,683	136.6	79,249	21.3	99,262	19.2	20,013	125.2	28,707	7.7	37,892	7.3	9,185	132.0	14,520	3.9	18,915	3.7	4,395	130.3
	9	477,445	612,036	134,591	128.2	92,358	19.3	118,590	19.4	26,232	128.4	29,131	6.1	35,684	5.8	6,553	122.5	11,984	2.5	16,476	2.7	4,492	137.5
	10	446,414	535,349	88,935	119.9	82,751	18.5	105,324	19.7	22,573	127.3	34,089	7.6	39,998	7.5	5,909	117.3	1,667	2.6	15,219	2.8	3,552	130.4
	11	402,816	470,347	67,531	116.8	82,791	20.5	96,107	20.4	13,316	116.1	28,842	7.2	33,909	7.2	5,067	117.6	13,457	3.3	15,328	3.2	1,871	113.4
	12	395,356	453,192	57,636	114.6	77,590	19.6	90,935	20.1	13,345	117.2	28,058	7.1	32,795	7.2	4,737	116.9	10,714	2.7	14,925	3.3	4,211	139.3
	13	42,681	545,751	120,070	128.2	78,887	18.5	103,594	19.0	24,707	131.3	27,757	6.5	35,931	6.6	8,174	129.4	11,946	2.8	16,526	3.0	4,580	138.3
	14	406,542	534,523	127,981	131.5	118,353	19.3	99,871	18.7	21,518	127.5	31,812	7.8	40,171	7.5	8,359	126.3	11,385	2.8	14,178	2.6	2,793	124.5
TOTAL Group 'A'		6,615,273	8,004,980	1,389,707	121.0	1,240,785	18.7	1,525,662	19.0	284,877	122.9	447,865	6.8	550,055	6.9	102,190	122.8	178,882	2.7	233,227	2.9	54,345	130.4

Home Distribution Centre	Sales				Gross Profit				Personnel Expenditure				Other Expenditure										
	1968	1969	Increase over the year	% increase	1968	% against sales	1969	% against sales	Increase over the year	% increase	1968	% against sales	1969	% against sales	Increase over the year	% increase	1969	% against sales	1969	% against sales	Increase over the year	% increase	
Group 'B'	1	392,010	439,990	47,980	112.2	68,113	17.4	79,572	18.1	11,459	116.8	28,420	7.2	33,012	7.5	4,592	116.2	8,965	2.3	11,861	2.7	2,896	132.3
	2	291,827	353,450	61,623	121.1	55,737	19.1	69,472	19.6	13,735	124.7	22,008	7.5	26,837	6.1	4,829	121.9	7,000	2.4	10,649	2.4	3,649	153.1
	3	347,933	398,574	50,641	114.5	62,087	17.8	75,398	18.9	13,311	121.4	24,053	6.9	28,869	7.2	4,816	120.0	9,463	2.7	12,648	3.2	3,185	133.6
	4	357,204	397,845	40,641	111.4	62,499	17.5	74,274	18.7	11,775	118.8	26,102	7.3	30,990	7.8	4,888	118.7	8,809	2.5	12,178	3.1	3,369	138.2
	5	347,463	400,195	52,732	115.2	66,049	19.0	76,497	19.1	10,448	115.8	24,702	7.1	30,520	7.6	5,818	123.5	7,159	2.1	11,954	3.0	4,795	167.0
	6	369,623	435,762	66,139	117.9	71,211	19.3	83,572	19.2	12,361	117.3	26,054	7.0	30,895	7.1	4,841	118.6	9,600	2.6	12,435	2.8	2,835	129.5
	7	273,889	382,936	109,047	139.8	46,186	16.9	76,220	19.9	30,034	165.0	18,425	6.7	30,118	7.8	1,169	163.5	8,591	3.1	13,424	3.5	4,833	156.3
	8	58,869	203,686	144,817	346.0	—	—	41,780	20.5	41,780	—	—	—	16,054	7.9	16,054	—	—	—	8,548	4.2	8,548	—
	9	363,688	440,625	76,937	121.1	63,215	17.4	88,644	20.1	25,429	140.2	24,758	6.8	31,666	7.2	6,910	127.9	9,331	2.6	15,087	3.4	5,756	161.7
	10	267,790	336,701	68,911	125.7	50,402	18.8	68,010	20.7	17,608	134.9	19,546	7.3	24,888	7.4	85,342	127.3	9,026	3.4	12,006	3.6	2,980	133.0
	11	354,239	422,141	67,902	119.2	63,911	18.0	80,098	19.0	16,187	125.3	24,797	7.0	29,889	7.1	5,092	120.5	9,672	2.7	11,007	2.6	1,335	113.8
	12	316,349	341,178	24,829	107.8	54,358	17.2	63,572	18.6	9,214	116.9	20,233	6.4	25,272	7.4	5,039	124.9	8,023	2.5	10,110	3.0	2,087	126.0
	13	287,520	362,126	74,606	125.9	54,055	18.8	68,664	19.0	14,609	127.0	20,984	7.3	27,548	7.6	6,564	131.3	9,894	3.4	13,348	3.7	3,454	132.2
	14	228,560	382,399	153,839	167.3	36,219	15.8	75,054	19.6	38,835	207.2	15,298	6.7	29,486	7.7	14,881	192.7	6,633	2.9	14,765	3.9	8,132	222.6
TOTAL Group 'B'		4,256,964	5,297,608	1,040,644	124.4	754,042	17.7	1,020,827	19.3	266,785	135.4	295,380	6.9	396,046	7.5	100,666	134.1	122,166	2.6	170,020	3.2	57,854	151.6
GRAND TOTAL A & B		10,872,237	13,302,588	2,430,351	122.3	1,994,827	18.3	2,546,489	19.1	551,662	127.1	743,295	6.8	946,101	7.1	202,856	127.3	291,048	2.7	403,247	3.0	112,199	



INTER FIRM COMPARISON : HOME DISTRIBUTION OPERATION (CONTD.)

Home Distribution Centre	Operational Profit						Overhead						Total Expenses		Increase		1968		Net Profit		Increase				
	1968	%	1969	%	Increase over the year	% increase	1968	%	1969	%	Increase over the year	% increase	1968	%	1969	%	over the year	% increase	1968	%	1969	%	over the year	% increase	
Group A																									
1	68,639	9.8	72,685	9.5	4,046	105.9	48,904	7.0	57,883	7.5	8,979	118.4	112,670	16.1	130,558	16.9	17,888	115.9	19,735	2.8	14,802	2.0	-4,933	75.0	
2	37,442	8.3	44,199	8.6	6,757	118.0	35,581	7.9	47,777	9.3	12,196	134.3	78,432	17.5	99,780	19.5	21,348	127.2	1,861	0.4	-3,578	-0.7	-5,439	-192.3	
3	44,564	8.5	48,793	8.2	4,229	109.5	35,315	6.8	40,780	6.8	5,465	115.5	83,842	16.1	100,368	16.7	16,526	119.7	9,492	1.7	8,013	1.4	1,236	86.6	
4	59,391	9.4	76,642	10.0	17,251	129.0	42,366	6.8	52,042	6.8	9,676	122.8	94,949	15.3	120,536	15.7	25,587	126.9	17,025	2.6	24,600	3.2	7,755	144.5	
5	39,191	9.3	50,184	9.6	10,993	128.0	31,400	7.4	38,495	7.4	7,095	122.1	71,190	16.8	89,178	17.2	17,988	125.3	7,791	1.9	11,689	2.2	3,898	150.0	
6	34,442	8.0	41,924	8.2	7,482	121.7	32,100	7.4	37,749	7.3	5,649	117.1	70,741	16.3	87,655	17.0	16,914	123.9	2,342	0.6	4,175	0.9	1,833	178.3	
7	52,459	9.6	62,217	9.4	9,758	118.6	39,589	7.3	49,251	7.5	9,662	124.4	86,109	15.9	111,237	16.9	25,128	129.2	12,870	2.3	12,966	1.9	96	100.7	
8	36,022	9.7	42,455	8.2	6,433	117.8	31,740	8.5	37,662	7.3	5,922	118.6	74,769	20.1	94,460	18.3	19,502	126.0	4,282	1.2	4,793	0.9	511	101.9	
9	51,243	10.7	66,430	10.9	15,187	129.6	33,070	6.9	71,720	6.8	8,650	126.1	74,185	15.5	93,880	15.3	19,695	126.5	18,173	3.8	24,710	4.1	6,537	136.0	
10	36,995	8.3	50,107	9.4	13,112	135.4	33,203	7.4	42,887	8.0	9,684	129.2	78,959	17.6	98,104	18.3	19,145	124.2	3,792	0.9	7,220	1.4	3,428	190.4	
11	40,492	10.0	46,870	10.0	6,378	115.7	31,195	7.7	39,279	8.3	8,084	125.9	73,494	18.2	88,516	18.7	15,022	120.4	9,297	2.3	7,591	1.7	-1,706	81.6	
12	38,818	9.8	43,215	9.6	4,379	111.3	25,758	6.5	32,417	7.1	6,659	125.8	64,530	16.3	80,137	17.0	15,607	124.2	13,060	3.3	10,798	2.5	-2,262	82.7	
13	39,184	9.2	51,137	9.4	11,953	130.4	28,289	6.6	42,247	7.7	13,958	149.3	67,992	15.9	94,704	17.3	26,712	139.3	10,895	2.6	8,890	1.7	-2,005	81.6	
14	35,156	8.7	45,522	8.6	10,366	129.5	32,790	8.7	39,273	7.3	6,483	119.8	75,987	18.7	93,622	17.4	17,635	123.2	2,366	0.6	6,249	1.3	3,883	264.1	
TOTAL Group A	614,038	9.2	742,380	9.2	128,342	120.9	481,300	7.3	599,462	7.5	118,162	124.5	1,108,047	16.8	1,382,744	17.3	274,697	124.8	132,738	1.9	142,918	1.7	10,180	207.9	

Home Distribution Centre	Operational Profit						Overhead						Total Expenses		Increase		Net Profit		Increase						
	1968	%	1969	%	Increase over the year	% increase	1968	%	1969	%	Increase over the year	increase	1968	%	1969	%	Increase over the year	% increase	1968	%	Net Profit 1969	%	Increase over the year	% increase	
<b>Group B</b>																									
1	30,728	7.9	34,699	7.9	3,971	112.9	27,384	7.0	31,956	7.3	4,572	116.7	64,769	16.5	76,829	17.5	12,060	118.6	3,344	0.9	2,743	0.6	-601	82.0	
2	26,729	9.2	31,986	11.1	5,257	119.7	21,165	7.2	27,003	7.6	5,838	127.6	50,173	17.1	64,489	16.1	14,316	128.5	5,564	2.0	4,983	3.5	-581	89.5	
3	28,571	8.2	33,881	8.5	5,310	118.6	24,528	7.0	35,013	8.8	10,485	142.7	58,044	16.6	76,530	19.2	18,486	131.8	4,043	1.2	-1,132	-0.3	-5,175	-28.0	
4	27,588	7.7	31,106	7.8	3,518	112.7	26,344	7.4	31,169	7.8	4,825	118.3	61,255	17.2	74,337	18.7	13,082	121.3	1,244	0.3	-63	-	-1,307	-5.1	
5	34,188	9.8	34,023	8.5	-835	99.5	24,122	6.9	30,774	7.7	6,652	127.6	55,983	16.1	73,248	18.3	17,265	130.8	10,066	2.9	3,249	0.8	-6,819	32.3	
6	35,557	9.7	40,242	9.3	4,685	113.2	26,672	7.2	31,571	7.2	4,899	118.4	62,326	16.8	74,901	17.1	12,575	120.2	8,885	2.5	8,671	2.1	-214	97.6	
7	19,170	7.1	32,678	8.5	13,508	170.5	21,788	7.9	34,418	9.0	12,630	158.0	48,804	17.7	77,960	20.4	29,156	159.7	-2,618	-0.8	-1,740	0.5	878	133.5	
8	—	—	17,178	8.4	17,178	—	—	—	19,516	9.6	19,516	—	—	—	44,118	21.7	44,118	—	—	—	-2,338	1.2	-2,338	—	
9	29,126	8.0	41,889	9.5	12,763	143.8	27,441	7.5	36,764	8.3	9,323	134.0	61,530	16.9	83,519	18.9	21,989	135.7	1,685	0.5	5,125	1.2	3,440	304.1	
10	21,830	8.1	31,116	9.2	9,286	142.5	22,705	8.5	29,485	8.7	6,779	129.8	51,278	19.2	66,399	19.7	15,101	129.4	-876	-0.4	1,631	0.5	2,507	386.2	
11	29,442	8.3	39,202	9.3	9,760	133.1	23,958	6.8	31,960	7.6	8,007	133.4	58,422	16.5	72,856	17.3	14,434	124.7	5,489	1.5	7,252	1.7	1,753	131.9	
12	26,102	8.3	28,190	8.2	2,008	108.0	20,344	6.4	25,770	7.5	5,426	126.7	48,600	15.3	61,152	17.9	12,552	125.8	5,758	1.9	2,420	0.7	-3,338	42.0	
13	23,177	8.1	27,768	7.7	4,591	119.8	24,993	8.7	27,849	7.7	2,856	111.4	51,871	19.4	68,745	19.0	12,874	123.0	-1,816	-0.6	-81	—	1,735	195.5	
14	14,288	6.2	39,803	8.0	16,515	215.6	17,194	7.5	33,510	8.8	16,316	194.9	39,125	17.1	77,761	20.4	38,636	198.7	-2,906	-1.3	-2,707	-0.8	199	106.9	
<b>TOTAL Group B</b>	<b>346,496</b>	<b>8.2</b>	<b>454,761</b>	<b>8.6</b>	<b>108,265</b>	<b>131.2</b>	<b>308,634</b>	<b>7.2</b>	<b>426,758</b>	<b>8.0</b>	<b>118,124</b>	<b>138.3</b>	<b>716,180</b>	<b>16.7</b>	<b>992,824</b>	<b>18.7</b>	<b>276,644</b>	<b>138.6</b>	<b>37,862</b>	<b>1.0</b>	<b>28,033</b>	<b>0.6</b>	<b>-9,859</b>	<b>74.0</b>	
<b>TOTAL A &amp; B</b>	<b>960,534</b>	<b>8.8</b>	<b>1,197,141</b>	<b>9.0</b>	<b>236,607</b>	<b>124.6</b>	<b>789,934</b>	<b>7.3</b>	<b>1,026,220</b>	<b>7.7</b>	<b>236,286</b>	<b>1299</b>	<b>1,824,227</b>	<b>16.8</b>	<b>2,375,568</b>	<b>17.8</b>	<b>551,341</b>	<b>130.2</b>	<b>170,600</b>	<b>1.5</b>	<b>170,921</b>	<b>1.3</b>	<b>321</b>	<b>100.2</b>	

## *Inter-Firm Comparison*

22.01 Inter-firm comparison is a managerial tool to measure the efficiency of performance of fast moving complex business concerns. Such a comparison enables the management to understand :

- (a) the year to year growth,
- (b) the level of efficiency,
- (c) the productivity and profitability of the resources;  
and
- (d) the ability to stand competition in a given market.

22.02 Inter-firm comparison helps the management to understand the rate of productivity and growth by different competitors in the field. The management—through such comparisons—is able to locate problems and initiate remedial action before it becomes too late.

22.03 When the performance of different units involved in the same enterprise is compared it assumes the position of inter-firm comparison. When the performance of the

same unit is compared with the previous performances, it is known as temporal comparison.

22.04 In the matter of temporal comparisons, the management is able to understand the performance on year-to-year or even period-to-period basis.

22.05 While compiling data for a temporal comparison if information is collected groupwise, commoditywise or productwise, the comparison becomes far more meaningful and lends itself to locating the problem more specifically than for all commodities together. This is, however, difficult to achieve.

22.06 Temporal comparison enables the management to arrive at a decision either to expand the business in a particular commodity/product wherein the inputs (resources) can be applied to achieve the desired profitability and where a particular product can be eliminated to avoid losses.

22.07 In many of the advanced countries, the compilation of data in regard to retailing for developing the needed norms to serve for the purpose of both temporal and inter-firm comparisons is undertaken by retailing institutes. The institutes make sure that the identity of the firm from where data is obtained is not revealed to those to whom the processed data in terms of norms is furnished.

22.08 Apart from stimulating competitive individualism characteristic of a democratic set-up, the temporal and inter-firm comparisons carry the necessary ingredients to stimulate efficiency in the country as a whole for achieving much better targets in performance with resultant advantages accruing to the community.

22.09 The societies in Japan are compiling data for temporal and inter-unit comparison for watching their performance. These results are also compared with the sales budget figures, the failures and achievements carefully analysed with a view to learning lessons and taking corrective steps. The causes for variations are also discussed in staff meetings for motivating them for greater efforts.

## CHAPTER XXIII

### *Manager<sup>1</sup> and Sales*

23.01 The Manager has a pivotal position in a consumer cooperative responsible to the Board of Directors, customers and employees. He enjoys a status and authority and is expected to exercise them in the discharge of his duties.

23.02 The resources being limited, and not always possible to increase them, he has to examine carefully the available alternatives with a view to putting the resources to the best advantage of the store. He will be compelled to think and increase sales as the most important aim through the effective application of the limited resources. An increase in the sale can only be achieved if the various techniques discussed in this book are applied carefully, continuously and systematically.

22.03 The Manager has to be a thinker, planner and innovator with all his thoughts and energy diverted to optimising the sale with the existing facilities including

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<sup>1</sup>The Manager has several duties and responsibilities but only relevant to sales management are very briefly discussed here.



(XLV) Regular clearance sales before the end of each season ensures slow-movers sold out. This also creates an attraction and becomes an event—a talk of the town. Incidentally this ensures quick turn round of capital and increases production and profitability.



the limited manpower. Everyday the Manager should set apart at least an hour to think, plan and implement the best possible ways for increasing the sales through the application of business techniques.

23.04 The Manager should aim at maximising sales as a means to ensuring adequate service to customers. Increased sale brings down the costs in terms of percentages and is achieved only by a higher degree of efficiency. In fact, a Manager should aim at a growth rate of 15% to 20% every year as a basic minimum and make efforts to achieve it. Such an attempt carries the potentialities to build the image among the customers, ensures job satisfaction and creates promotion opportunities including job security for the staff.

23.05 The Manager should be a leader. He should encourage his staff to participate in decision making and thus involve them so that they have a feeling of belonging and oneness with the interests of the society. Once they identify themselves with the common cause and rally round the leader with a team spirit, the task of achieving the objectives becomes easy.



## *Work Organisation*

24.01 The sales targets can be achieved only if continuous and sustained attempts are made to collect the expertise with particular reference to local/regional experience and store them in a manner for ready use at any given time. Further, the sales promotion—being an on-going process—needs a consistent and constant approach with one or a group of persons devoting considerable time on the subject. This cannot be achieved unless a sales promotion cell containing a marketing expert, an artist and the needed assistance is created.

24.01.02 While this can be undertaken on a whole time basis in large consumer cooperative societies, the medium ones may engage part-timers. The small societies in an area may pool their resources and create the needed cell. The fact remains whether the store is big or small, there should be an organisation to plan and implement the sale promotion activity successfully.

24.01.03 Regardless of the changes in members of the elected Board of Directors or even in the paid staff such

as Manager, etc., the sale promotion cell should be the promoter of sale promotion activity supported by professional competence in clock-like regularity.

24.02 Once the needed organisation for sales promotion is created, it will be necessary to ensure departmental assistance in carrying out its task efficiently. For achieving this, the work organisation with the necessary division of labour, delegation of authority accompanied by accountability should be laid down in a manner that it is well understood by all concerned and is capable of implementation.

24.03 The Manager who has an attitude of team spirit and leadership towards employees, has to adopt a work organisation which distribute the work tasks, duties and responsibilities to the employees in a way as to motivate them to fulfil their work-load, and also give the Manager more time for planning and development of the business.

24.03.02 When working out a work organisation, the employees must feel involved and also be convinced that the work tasks, duties and responsibilities are properly distributed among the various employees. The employees must also know the various employees' individual work tasks, etc. so that much of the supervisory work is delegated to the employees themselves.

24.04 Work tasks to be performed in a retail store are:

- (i) Determination and supervision of assortment;
- (ii) Ordering of goods;
- (iii) Arrival control (quality, quantity and price control)
- (iv) Pre-packing and price-marking;
- (v) Care of merchandise, stock-holding and preservation of goods;
- (vi) Cleaning of counters, show case;
- (vii) Filling up goods in shelves and counters, etc.;
- (viii) Merchandise display and window-dressing, etc.;
- (ix) Supervision and control of display and quality of goods and cleanliness of counters, show cases, etc.;

- (x) Other measures for stimulating sales;
- (xi) Contact with customers;
- (xii) Cash tasks service etc.

24.04.02 The above-mentioned are some of the work tasks relating to sales and handling of goods in the store. There are, however, other work tasks also which are of extreme importance, such as:

- (i) Economic planning and different kinds of budgets;
- (ii) Sales planning;
- (iii) Work organisation;
- (iv) Motivating the employees;
- (v) Contact with and information to employees;
- (vi) Cash control; and
- (vii) Merchandise control etc.

24.04.03 As can be seen from the above list which is definitely not complete, there are many different kinds of work tasks which have to be performed in a store thus making the leadership problem in a retail store very complicated one.

*Need for a Detailed Work Organisation*

24.05 As the type of work in a retail store is highly complicated from the point of view of the leader, it is necessary for a Manager to have a detailed and well-thought out work organisation. Such a work organisation will also give necessary freedom to the Manager for concentrating himself on those tasks which he should be doing as a leader, such as :

- (i) Economic planning (budgeting, sales planning, etc.)
- (ii) Organisation and administration of work;
- (iii) Stimulating the employees to give a good work performance;
- (iv) Customers' contacts.

- (v) Necessary supervision and evaluation; and
- (vi) In a small store, the Manager could also be responsible for some merchandise groups, etc.

24.06 A detailed and well-thought out work organisation will also be of great assistance to the Manager when—

- (i) estimating staff requirements;
- (ii) making new recruitments;
- (iii) planning the training requirements, job rotation and promotion of the staff, etc. thus making it easier for the Manager to manage his duties as an organiser and administrator of the store's activities.

24.06.02 In order to give the manager more time for planning and promotional work, he has to be released from giving frequent and routine directions and instructions and from close supervision of operations. The duties and responsibilities attached to the various work tasks have to be delegated to the employees to the extent possible. Such a delegation of duties and responsibilities to employees if judiciously and properly made, will make the employees alive to their responsibilities, and develop a sense of identification among the employees with the goals and objectives set by the management in consequence leading to smooth flow of work both from the point of view of management as well as the employees.

24.06.03 In addition to the above, the advantage of detailed work organisation could be as follows :

- (i) it simplifies distribution of task and avoids direct and irritating orders;
- (ii) it gives responsibility and contributes to a feeling of responsibility;
- (iii) it educates and gives confidence. When one continues to do the same job over a period of time, one becomes a specialist in that field;
- (iv) it creates a fair division of work;

- (v) it makes for better enjoyment of work and identification with the work as the employee himself has been involved in the preparation of the work organisation;
- (vi) it gives an opportunity to the employee to exercise his initiative. When an employee is given the responsibility to perform a particular job, he will do his best to perform the job in the best possible way and will use his initiative to overcome problems in the efficient performance of the task given to him.

*How to Distribute Duties and Responsibilities in a Work Organisation ?*

24.07 In a work organisation, the duties and responsibilities are distributed merchandise group-wise *i.e.* one or more employees are responsible for all the duties involved in the efficient management of a merchandise group as a whole.

24.07.02 The advantages in distributing duties and responsibilities as indicated above are :

- (a) it is easy for a manager to check and evaluate the work performance in managing one particular merchandise group.
- (b) It involves and creates specialisation among the employees resulting in their developing confidence, skills and ability in their jobs and for creating satisfied customers.
- (c) It provides an excellent training facility for the staff.
- (d) It creates various types of tasks to be performed and makes the work more interesting.
- (e) It creates a feeling of responsibility among the employees for a particular merchandise group resulting in the employees identifying themselves fully with the success or otherwise of that particular commodity group.
- (f) The employees will understand better how their own work performance and the success of the mer-

chandise group for which they are responsible can influence the success of the store as a whole.

24.07.03 The best organisational set up is thus a set up in which the work tasks with responsibility for the different merchandise groups are distributed among the different employees. Other work tasks which cannot be assigned to a particular merchandise group have to be treated as common work tasks and distributed among the employees in addition to their ordinary work.

24.07.04 When distributing the tasks, one must first take into consideration the specialised knowledge required and the employees who possess it to place the right man in the right job to obtain optimum results and a sense of fulfilment among the employees.

24.07.05 It is also important to divide the store into geographical areas and let each employee be responsible for a particular area in which his merchandise group is located.

In order to be able to clearly demarcate the duties and responsibilities, one should have :

- (a) A work organisation (proforma) indicating the merchandise groups for which the various employees are responsible. (Proforma attached).
- (b) A map of the store indicating the area of the store for which the employees concerned are responsible. (A copy of the map attached.)
- (c) Additional work tasks which have been assigned to the various employees should be listed in the Work Organisation. (See proforma attached).
- (d) A time schedule indicating when jobs have to be completed should either be given separately or incorporated in the work organisation proforma. (See proforma attached).

In such a written work organisation, the duties and responsibilities of the General Manager should also be defined. The duties of the General Manager has broadly been defined under the heading, "Need for Detailed Work Organisation."

*Written or Oral Work Organization*

24.08 The work organisation should be a written document which should be handed over to the employees as well as displayed on the Notice Board so that all the employees are informed about their duties and responsibilities as well as the tasks, duties and responsibilities of their colleagues.

24.08.02 The advantages of a written work organisation are :

- (a) Each employee can plan and grasp his work in a better way.
- (b) It is easy to present tasks in case of
  - (i) new employees;
  - (ii) substitutes when regular employees fall ill, or avail of holiday or leave.
- (c) A written work organisation goes deeper into the matter than an oral one as it is thought out more carefully.
- (d) A written work organisation ensures increased efficiency, as one can avoid duplication of work as well as haphazard attempts.
- (e) Greater chances of work tasks, etc. being divided fairly among the employees.
- (f) Increased opportunities for the employees to take initiative.
- (g) Increased feeling of responsibility and identification with the job and the area of responsibility.
- (h) Gives the Manager better opportunity to judge the performance of the various employees.
- (i) Gives more freedom to employees and therefore enables them to take initiative and educate themselves which in turn builds self-confidence.
- (j) It releases the Manager from routine work.
- (k) It delegates much of the supervisory job to the employees themselves as one employee will com-

ANNEXURE I

PROFORMA; WORK ORGANISATION

Manager Mr/Madam.....		Sales Manager/Sales Girl Mr/Madam.....		Salesman/Sales Girl Mr/Madam.....		Salesman/Sales Girl Mr/Madam.....	
Duties & Responsibilities: Tasks	Shop Area	Duties & Responsibilities: Tasks	Shop Area	Duties & Responsibilities: Tasks	Shop Area	Duties & Responsibilities: Tasks	Shop Area
<ul style="list-style-type: none"> <li>—planning</li> <li>—budgeting</li> <li>—result calculations</li> <li>—organisation</li> <li>—administration</li> <li>—supervision</li> <li>—customers contacts</li> <li>—purchases of groceries and non-food.</li> </ul>	Overall in charge of the whole shopping area	<ul style="list-style-type: none"> <li>—fruits</li> <li>—vegetable</li> <li>—dairy products</li> <li>—customers contacts</li> <li>—cleaning and maintenance of the shop area.</li> </ul>	B	<ul style="list-style-type: none"> <li>—groceries</li> <li>—customers contacts</li> <li>—cleaning and maintenance of the shop area.</li> <li>—shop decoration</li> </ul>	A and D A, B and C	<ul style="list-style-type: none"> <li>—non food</li> <li>—customers contacts</li> <li>—cleaning and maintenance of the shop area</li> </ul>	C, E and F

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(XLVI-A)



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**Responsibility for a Commodity group entails:** schedule

- placing indents before the Manager
- arrival control [quality, quantity, price]
- price marking
- filling up on shelves
- display
- price alterations
- care of goods
- selling
- cleaning
- ordering

Purchasing/ordering:	Day of ordering:	Day of delivery:
Groceries	Each 2nd Thursday 5 p.m.	Each 2nd Tuesday before noon
Non-food	Tuesday 5 p. m.	Each 2nd Friday before noon
Fruit & Vegetables	Mon. & Wed. 3-00 p. m.	Tue, & Thur. 11-00 a.m.
Fish	Tue. & Thur. 10 a. m.	Wed. & Fri. 10 a.m.
Bread	Daily 4-00 p.m.	Daily 10.00 a.m.
Dairy products	Mon., Wed., Fri. 2-00 p.m.	Tue., Thur., Sat. 10-00 a.m.

- GENERAL :**
1. Before opening the store the employee incharge should check that everything within his/her area of responsibility is in proper order.
  2. Just after the arrival of the goods, the employee responsible shall take care of the goods according to what is stated in "Responsibility for a group entails."
  3. All employees shall attend to customers and supply them with all types of goods available.

ANNEXURE II

MAP OVER THE SHOP INDICATING THE AREA OF RESPONSIBILITY

RACKS/SHELVES		Store Room	RACKS/SHELVES
AREA A		Non-food	AREA F
COUNTER		AREA E	
Fruit, Vegetable, Fish and Dairy Products	AREA B	COUNTER	RACKS/SHELVES
		Store Room groceries	AREA D

(11/17/18)



ment upon the performance of the other employee in his tasks in terms of the work organisation.

#### *Time Schedule*

24.09 In order to get the Work Organisation function the way it should, it must be supplemented by a time schedule indicating when certain tasks are to be started and completed so as to make coordination between the various employees possible and to make sure that sufficient number of employees are available in the store/department to attend to customers.

24.09.02 Such a time schedule must also synchronise with the supplier/godowns time schedules. But it must be remembered that the godown and the suppliers ought to give prompt service to the store and not the other way round *i.e.*, the store to give service to the godown and the suppliers.

24.09.03 The advantages of a properly worked out time schedule could be listed as below:

- (a) work flow is smooth and staff are always available at the counter;
- (b) good utilisation of time during lean periods;
- (c) the employees can plan their own work adequately and properly; and
- (d) it is easy to supervise the work planned to be done.

#### *Job Rotation*

24.10 To enable distribution of responsibilities merchandise group-wise in order to promote specialisation, and to utilise these specialisations in the best possible way, the work tasks should be rotated among the employees so as to broaden their field of specialisation as well as their knowledge about the store's operations as a whole. The work tasks should, therefore, be rotated once a year among the various employees depending upon their qualifications, skills and suitability to perform a new work task. However, one has

to remember that there are also work tasks which are difficult to rotate such as the work of a cashier, the work of an artist of the store, etc.

*Involvement of Employees in the Preparation of the Work Organisation*

24.11 As work organisation is of common concern to all the employees including the Manager, it is important that all the employees are involved in the drawing up of the work organisation. The employees may have many valuable ideas and suggestions to make which the Manager should take into consideration, as the employees are well aware of the various problems facing them in the day-to-day dealings with the customers.

24.11.02 Of course, the Manager is the final decision-Making authority, but, it will be easy for the Manager to “sell” the idea of the work organisation to the employees if the employees are involved and informed as to why the work tasks, duties and responsibilities have been distributed in a particular way.

*How to prepare Work Organisation ?*

24.12 There are five steps involved in an effective work organisation. They are:

- Step 1 :* —Go through the various work tasks.
- Analyse the sale turnover commodity group-wise and for the store as a whole.
  - Decide the amount to be spent on staff costs.
  - Calculate the need for personnel to meet sales commodity group-wise sales based on the efficiency performance and norms for sales per man-day as well as the distribution of sales during the day/week.
- Step 2 :* —Call a staff meeting, present the plans indicated under step I and explain to the employees

the advantages of having a work organisation from the point of view of (a) management; and (b) employees; and (c) customers. Also explain the techniques for distribution of the work tasks, etc.

(i) Commodity group-wise

(ii) Area-wise

(iii) Work tasks of common interest

(iv) Work schedule indicating when a job is to be completed.

(v) Invite the employees' views and suggestions.

*Step 3* : Based on the information indicated under step 1 and the employees' views and suggestions under step 2, the Manager should work out a draft work organisation programme for the store as a whole, keeping in view the techniques indicated under the previous headings in this chapter.

*Step 4* : In a subsequent staff meeting, the manager should explain the draft work organisation and make it clear to the employees why the work tasks have been distributed in a particular way. After considering the employees' reaction incorporate their ideas and suggestions in the work organisation, if possible. The Manager should not introduce the work organisation immediately but should bring it into effect during a period of two-weeks to one month.

*Step 5* : Have regular meetings with the employees concerning the implementation of the work organisation. Also invite their further suggestions as well as inform them about the functioning of the work organisation and its effect on the working of the store.

*A Note of Caution*

24.13 (1) A too detailed work organisation may give very little opportunity to develop one's own ideas to the employees. (2) The time schedule worked out should not be too rigid as unexpected events and accidents may upset the time schedule. (3) The work organisation drawn up should be evaluated every six months with a view to making the changes to suit the situations and demands.

24.14 A properly prepared work organisation is an important tool in the hands of the manager of a retail store. It will help him solve problems that arise in the performance of his complicated tasks and will allow him time for the more important tasks of planning and evaluating the business of the store. Work organisation will also stimulate the employees to show good work performance resulting in the overall improvement in the business of the store.

24.14.02 Such a work organisation will also result in the employees identifying themselves with their work tasks, duties and responsibilities and with the aims of the store as a whole. The employees will feel fully involved in the actual running of the store. They will know and understand how they can play a meaningful role in its operations and success.

24.14.03 The customers also benefit from the introduction of the work organisation. The store will have a friendly and cordial atmosphere created by employees' initiative, new ideas and better salesmanship. No doubt, the customers enjoy patronising such an attractive store.

## *Man and the Job*

25.01 Retailing is labour intensive. The salary costs account for a substantial portion of the gross profit—sometimes as much as 50%. With cost of labour going up, it will be difficult to resist the demand for wage increase in the future. This will be a single important factor that will influence the future system of selling. Handling staff and problems of man-management are becoming increasingly complex. These factors are likely to induce the change over to self selection and self-service to a greater degree in future.

25.02 With limited resources including manpower, targets can only be achieved, if the employees are adequately motivated to put in their best. The collective interest and enthusiasm of the employees has an effective answer to the problems of costs and productivity. Morale boosting should be undertaken in a systematic manner and all efforts made to induce the workers to identify with the interests of the store.

25.03 To ensure the workers' whole-hearted cooperation,



the management should take several steps<sup>1</sup> some of which are as under :—

- (i) Wage comparable to market rates
- (ii) Incentive schemes
- (iii) Job security
- (iv) Promotion opportunities
- (v) Working conditions
- (vi) A feeling of participation in decision-making
- (vii) Bonus, Provident Fund etc.
- (viii) Suitable working hours, welfare etc.
- (ix) Grievance procedure
- (x) Proper flow of communication
- (xi) Suggestion schemes
- (xii) Uniforms
- (xiii) Recreational facilities.

25.04 The above and many similar others are to be dealt with in an integrated manner so that they have an impact in building the needed team spirit with all energies directed towards the achievement of the stores' objective *v/z.* increased sale through better service.

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<sup>1</sup> For a more detailed study, the reader is referred to "A Study of Personnel Management in Selected Cooperative Super Markets in India" by Ragnar Arvidsson and K. K. Taimni, ICA. 1971.

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