

## Marketing of tea in retail outlets

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### Abstract

Indian Tea Industry is about 172 years old. The industry occupies an important place and plays a very useful part in the national economy. In 1823 Robert Bruce invented tea plants growing wild in upper Brahmaputra Valley. The first Indian tea from Assam was sent to United Kingdom for Public Sale. Then later in it extended to other parts of country between 50's and 60's of the last century.

Tea plantations are mainly located in rural hills and backward areas of Northern Eastern and Southern states. The major tea growing areas in India are concentrated in Assam, West Bengal, Tamilnadu and Kerala. The other areas growing tea to the extent is Karnataka, Tripura, Himachal Pradesh, Uttranchal, Arunachal Pradesh, Manipur, Sikkim, Nagaland, Meghalaya, Mizoram and Bihar. In India Tea is indigenous and is an area where the country can take a lot of pride. It is mainly due to its pre-eminence as a foreign exchange earner and its contributions to the country's GNP.

India has emerged as world leader in all aspects of tea production, consumption and export mainly because it accounts for 31% of global production. For last 150 years perhaps the Tea Industry is the only one where India has retained its leadership over. The range of tea offered by India - from the original Orthodox to CTC and Green Tea, from the aroma and flavour of Darjeeling Tea to the strong Assam and Nilgiri Tea- remains unparalleled in the world.

**Keywords:** tea, India, consumption, production

### Introduction

The Indian tea industry witnessed many structural changes over a period. The emergence of small tea growers and Bought Leaf Factories, which create new paradigm in tea industry by putting forward low cost of production in terms of workforce and technology, is one of the major changes in the recent history of the tea industry in India. Crises in the tea industry and closing down/ abandoning tea estates are the some of the other features which faced the industry in the recent period. In early 2005, the industry witnessed the old model of production section being replaced by withdrawal from production and concentration on the market of major companies, especially Tata and HUL, in India. In the South, it is a new paradigm shift from the colonial mode of production to participatory management in tea cultivation. In the North, McLeod Russel acquired the HUL tea gardens and became to the largest global plantation company.

### Meaning

“Retail means selling goods and services in small quantities directly selling to customers. Retailing consists of all activities involved in marketing of goods and services directly to consumer for their personnel family and household use.”

### Definition of retailing

“The secret of successful retailing is to give your customers what they want. And really, if you think about it from your point of view as a customer, you want everything: a wide assortment of good-quality merchandise; the lowest possible

prices; guaranteed satisfaction with what you buy; friendly, knowledgeable service; convenient hours; free parking; a pleasant shopping experience”.

-Sam Walton (1918-1992)

### Statement of the problem

The present study under the title, “Marketing of tea in Retail outlets” is an attempt to understand the various factors influencing the satisfaction level of the customers with regard to the various dimensions of service quality such as tangibles, reliability, responsiveness, assurance and empathy. A perfect parity between the services offered by sellers and the services expected by the buyers is vital to make the transaction smooth and hassle-free. So the services offered become an integral part of the marketing strategy of the firm. In this context it is imperative to make a study on the quality of service offered by Retail stores in Pollachi city and the present research work has tremendous relevance to the sellers in formulating their marketing strategies in this regard. At present the customers are more dynamic.

The traditional tea industry was production oriented. But now to meet the competition, a new market orientation is emerging. Few years back tea industry has the market matching approach. But now both market creation and market matching are needed to face the demand of the market. In the light of these developments, it seems to focus the study of marketing of tea in retail outlets. In this process the following questions are arise:

1. What is the opinion and usage of Retail store?

2. What are the factors preferred by consumers when selecting a retail store?
3. What is the level of consumer satisfaction?

### Scope of the study

This study covers the extent of customer satisfaction regarding various service dimensions rendered by the Marketing of Tea in Retail Outlet. In the prevailing globalized economic scenario the consumers have ample opportunities to select any shop for buying good quality products. In an acutely competitive atmosphere it is important and challenging for the retailers to attract the customers to sustain and to promote their business. Among the various aspects that build the rapport with the buyers and keep them in their fold, service quality is much more important than the technical or product quality. Hence the present study aims at bringing out the various aspects concerned with customer satisfaction which would surely serve a purpose for retailers to work out their service quality with regard to the various dimensions such as tangibles, reliability, responsiveness, assurance and empathy.

### Objectives of the study

- To know the Socio – economic Profile of Customers.
- To know the customers expectation about marketing of tea in retail outlets.
- To analysis the marketing strategy followed by tea in retail outlets.

### Research Methodology

#### i) Sample Size

Sample of 150 people was taken into study, and their data was collected

#### ii) Sampling Technique

Convenience sampling technique is followed as the customers are approached at Retail stores where they are conveniently available for administering the questionnaire and collection of data from the retail outlet customers. Primary data and secondary data are used in this research. Primary data is collected through survey method.

#### iii) Data collection

Data have collected by both the primary and secondary data. For collecting primary data, one structured questionnaire is framed. Secondary data are collected through the magazines, journals and other websites.

#### iv) Data Analysis

Primary data was collected primarily through survey method using a structured questionnaire which was designed to capture the factors impacting customer satisfaction in retail supermarkets.

### Method of data collection

The data for this study are of two types: one is Primary Data and another one is Secondary data.

### Statistical Tools

#### a) Percentage Analysis

Percentage refers to a special kind of ratio in making

comparison between two or more data and to describe relationships. Percentage can also be used to compare the relation terms in the distribution of two or more sources of data.

#### b) Likert Scale

A psychometric response scale primarily used in questionnaires to obtain participants preferences or degree of agreement with statement or set of statements. Likerts scales are a non- comparative scaling technique or non- dimensional (only measure are single trail) in nature. Respondents are asked to indicate their levels of agreement with a given statement by way of an ordinal scale in this research 5 point scale are used. The format of a typical five point level likert item.

#### c) Weighted Average

The weighted average formula is used to calculate the average value of a particular set of numbers with different levels of relevance. The relevance of each number is called its weight. The weight should be represented as a percentage of the total relevancy. Therefore, all weight should be equal to 100%, or 1.

#### d) Chi Square Test

The chi square test is an important test among the several tests of significance developed by satisfaction. Chi-square, symbolically written  $\chi^2$  is a statistical measure used in the contexts of sampling analysis for comparing a variance to a theoretical variance. It can also be used to make comparison between theoretical population and actual data when categories as used. By comparing a calculated value with the table value of  $\chi^2$  for degrees of freedom at given level of significance. We may either accept or reject the null hypothesis. If the calculated value of  $\chi^2$  is less than the value, the null hypothesis is accepted, but if the calculate value is equal or greater than table, value the hypothesis is rejected.

#### e) T-Test

T test is used to compare two different set of values. It is generally performed on a small set of data. T test is generally applied to normal distribution which has a small set of values. This test compares the mean of two samples. T test uses means and standard deviations of two samples to make a comparison.

### Limitations of the study

- As there are only a few recently emerged large scale Retail outlets in Pollachi Taluk, the data collected may not reflect the average opinion of the entire Retails stores worldwide.
- The study also confined to defined formats and does not cover various formats that exist in the retail sector.
- Some amount of bias cannot be ruled out as the sample size is not enough to cover a large population.

### Period of the study

The survey was conducted during Apr-2016 to Mar- 2017.

### **The evolution of retailing in India**

The latter half of the 20th Century, in both Europe and North America, has seen the emergence of the supermarket as the dominant grocery retail form. The reasons why supermarkets have come to dominate food retailing are not hard to find. The search for convenience in food shopping and consumption, coupled to car ownership, led to the birth of the supermarket. As incomes rose and shoppers sought both convenience and new tastes and stimulation, supermarkets were able to expand the products offered. The invention of the bar code allowed a store to manage thousands of items and their prices and led to 'just-in-time' store replenishment and the ability to carry tens of thousands of individual items. Computer-operated depots and logistical systems integrated store replenishment with consumer demand in a single electronic system.

India has the highest retail outlet density in the world; with the unorganized sector contributing a major chunk (95%) Despite the fact that the Indian retail industry shows a high growth, when compared to other countries in Asia in terms of revenue, technology and marketing strategies, India is found to have a long way to go. Retailing has witnessed drastic changes in the last few years- from a poorly stacked dirty karyana stores in the by-lane of a residential area to an aesthetically decorated store with properly arranged goods, offering ambience and convenience. Instead of lanes and by-lanes growing into a bazaar, planned shopping centers well connected with all main roads, freeways are emerging today in all towns and cities. These shopping centers are complete in themselves, capable of meeting all the essential requirements of the population starting from perishable to durable goods or shopping to specialty goods.

### **Indian organized retail market**

Indian organized retail market is growing at a fast pace due to the boom in the India retail industry. In 2005, the retail industry in India amounted to Rs 10,000 billion accounting for about 10% to the country's GDP. The organized retail market in India out of this total market accounted for Rs 350 billion which is about 3.5% of the total revenues.

Retail market in the Indian organized sector is expected to cross Rs 1000 billion by 2010. Traditionally the retail industry in India was largely unorganized, comprising of drug stores, medium, and small grocery stores. Most of the organized retailing in India have started recently and is concentrating mainly in metropolitan cities. The growth in the Indian organized retail market is mainly due to the change in the consumer's behavior. This change has come in the consumer due to increased income, changing lifestyles, and patterns of demography which are favorable. Now the consumer wants to shop at a place where he can get food, entertainment, and shopping all under one roof. This has given Indian organized retail market a major boost.

Retail market in the organized sector in India is growing can be seen from the fact that 1500 supermarkets, 325 departmental stores, and 300 new malls are being built. Many Indian companies are entering the Indian retail market which is giving Indian organized retail market a boost. One such company is the Reliance Industries Limited. It plans to invest US\$ 6 billion in the Indian retail market by opening 1000 hypermarkets and 1500 supermarkets. Pantaloons is another

Indian company which plans to increase its retail space to 30 million square feet with an investment of US\$ 1 billion.

### **Retail Pricing**

The pricing technique used by most retailers is cost-plus pricing. This involves adding a markup amount (or PERCENTAGE) to the retailers cost. Another common technique is suggested retail pricing. This simply involves charging the amount suggested by the manufacturer and usually printed on the product by the manufacturer. In western countries, retail prices are often called psychological prices or odd prices.

### **Retail Services**

Behind the scenes at retail there is another factor at work. Corporations and independent store owners alike are always trying to get the edge on their competitors. One way to do this is to hire a merchandising solutions company to design custom store displays that will attract more customers in a certain demographic. The nation's largest retailers spend millions every year on in-store marketing programs that correspond to season and promotional changes. As products change, so will a retail landscape.

### **Growth**

An increasing number of people in India are turning to the services sector for employment due to the relative low compensation offered by the traditional agriculture and manufacturing sectors. The organized retail market is growing at 35 percent annually while growth of unorganized retail sector is pegged at 6 percent.

The Retail Business in India is currently at the point of inflection. Rapid change with investments to the tune of US \$ 25 billion is being planned by several Indian and multinational companies in the next 5 years. It is a huge industry in terms of size and according to management consulting firm Technopak Advisors Pvt. Ltd., it is valued at about US \$ 350 billion. Organized retail is expected to garner about 16-18 percent of the total retail market (US \$ 65-75 billion) in the next 5 years.

### **Entry of MNCs**

The world's largest retailer by sales, Wal-Mart Stores Inc and Sunil Mittal's Bharti Enterprises have entered into a joint venture agreement and they are planning to open 10 to 15 cash-and-carry facilities over seven years. The first of the stores, which will sell groceries, consumer appliances and fruits and vegetables to retailers and small businesses, is slated to open in north India by the end of 2008. Carrefour, the world's second largest retailer by sales, is planning to setup two business entities in the country one for its cash-and-carry business and the other a master franchisee which will lend its banner, technical services and know how to an Indian company for direct-to-consumer retail.

The world's fifth largest retailer by sales, Costco Wholesale Corp (Costco) known for its warehouse club model is also interested in coming to India and waiting for the right opportunity.

Opposition to the retailers' plans has argued that livelihoods of small scale and rural vendors would be threatened. However, studies have found that only a limited number of small

vendors will be affected and that the benefits of market expansion far outweigh the impact of the new stores.

## Findings

### 1) Simple percentage analysis

Majority 60(40%) of the respondents are belong to the age group of 21-40 years and 93(62%) of the respondents are female. Among 150 respondents 102(68%) of the respondents are married. 96(64%) of the respondents are nuclear family. In educational level, 63(42%) of the respondents are education level of school level. 40(27%) of the respondents are occupation of employed in some other institutions or company. According income, 51(34%) of the respondents are having monthly income of 15000-25000. In expenditure point of view 90(60%) of the respondents are family expenditure of less than 3000.

Majority 78(52%) of the respondents are status of the family of head and 81(54%) of the respondents are area of urban. Majority 66(44%) of the respondents are purchasing the tea of departmental store. The usage of tea, 99(66%) of the respondents are period of usage of more than 2 years. Some of the people (39(26%) of the respondents) are only like the brand of AVT. 66(44%) of the respondents are package preference of 250 gram pocket only. Majority 63(42%) of the respondents are like bought a tea with some discount prices. Out of 150, 90(60%) of the respondents are mode of payment of cash. 60(40%) of the respondents are expectations of easy purchasing to save their time. Further, 63(42%) of the respondents are tea price in retail store of low. Majority 96(64%) of the respondents are concentrate only in quality of tea. 63(42%) of the respondents are considered the quantity of tea.

### 2) Weighted average rank method

Out of 150 respondents rankings the 1<sup>st</sup> rank is given to Advertisement, 2<sup>nd</sup> rank is given to free gifts, 3<sup>rd</sup> rank is given to Price, 4<sup>th</sup> rank is given to Package and Design, 5<sup>th</sup> rank is given to Taste and 6<sup>th</sup> rank is given to Dust factors to choice of tea in retail store.

### 3) T- Test

The P value (0.082) is more than 0.05. So there is a significant difference in the mean scores of the respondents based on the gender. It is inferred that gender not influence the level of satisfaction of the respondents.

The P value (0.394) is more than 0.05. So there is a significant difference in the mean scores of the respondents based on the marital status. It is inferred that marital status not influence the level of satisfaction of the respondents.

### 4) Chi- Square test

The calculated value (28.041) is greater than the table value (12.59).Therefore conclude that there is a significant association between age of the respondents and their level of satisfaction. Hence, Null hypothesis is rejected.

The calculated value (8.342) is less than the table value (12.59).Therefore conclude that there is no significant association between Type of family of the respondents and their level of satisfaction. Hence, Null hypothesis is accepted.

The calculated value (28.384) is greater than the table value

(12.59).Therefore conclude that there is a significant association between Occupation of the respondents and their level of satisfaction. Hence, Null hypothesis is rejected.

The calculated value (3.846) is less than the table value (12.59).Therefore conclude that there is no significant association between Status of the family of the respondents and their level of satisfaction. Hence, Null hypothesis is accepted.

The calculated value (26.087) is greater than the table value (12.59).Therefore conclude that there is a significant association between Area of the respondents and their level of satisfaction. Hence, Null hypothesis is rejected.

## Suggestion

- Promotion scheme should in such way that customer can understand easily.
- Service of store should be providing in such way which full the need of the customer.
- The price of the product can be still lowered.
- The overall value of the products should be improved.
- It is suggested to the management to appoint more number of skilled sales persons in order to attract customers.
- It is recommended to the management to make the billing procedure more convenient.
- Proper parking facilities should be there, and parking should be made free for the regular customers/ heavy purchasers. Such people may be issued a parking card, with free earmarked parking.
- Retail outlets can further appeal to the female customers by offering more products, especially for women. They can provide a shopping experience that women are particularly attracted to. In this way, retail chains can expand their customer base as the retail outlets have a large base of potential customers.
- Location, variety of products and reasonable price are the major motivating factors that influence the customers to visit the retail outlets, so retail chains should give proper emphasis on these factors. Organized retailers are suggested to offer convenient location, sufficient parking space and as such an atmosphere ambience so that customers can have a pleasurable shopping experience. It is proved by different studies that more a customer spends time in a store, the more likely he is to make purchases. So with the purpose to increase revenue, organized retailers should pay attention towards physical aspects, variety of branded and non-branded products at reasonable prices.
- Special promotional activities should be there on weekdays so as to gather rush on weekdays, and avoid the chaos and confusion on the weekends.

## Conclusion

The study lists the various factors in terms of their importance for the customer's satisfaction while buying a tea brand from a retailer and also highlights the reasons which cause fluctuations in the demand. India's consumers are more responsive to brands that offer strong user images benefits. Consumers are also more price conscious price makes a tremendous impact in any market. Consumers are also attracted by celebrity advertisements. Here advertisement creates a major role in influencing a consumer to choose a

brand.

Retailing today is not only about selling at the shop but also about surveying the market offering choices and experience to customer at competitive prices and retaining them as well. The customers are very much willful to purchase the goods from Reliance Outlet but they expect some new things from them. They could develop the marketing by offering the customer's expectations as customers are real assets of the business.

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