

Selling products through supermarket



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Supermarkets have been in the country for quite some time now.

What started off as a small time convenience shops, has now transformed into big super malls. These are markets where you can buy anything of your need. From household items to luxury items, all can be bought under a single roof. However, the industry of these big retail chains has gone through sea change over the past years. They have crossed the international boundaries and have become Multi National Companies (MNC). Tesco, Sainsbury, Morrisons and Wal-Mart are now the big names in this industry.

The companies are making huge turnover by selling variety of goods.

The network of these supermarkets have increased manifold and one can find more than one supermarket in a city. The previous concept of selling through small retailers and wholesalers has slowly diminished. When the concept of supermarket started in the UK, it was in the year 1926, with the introduction of Safeway. Later on we saw Tesco, Sainsbury and Asda. Now most of us are attracted to the cool confines of these superstores.

One can shop at peace in the air-conditioned environment and that too at relatively low price. The companies are raking lot of money in this business.

This can be attributed by the figure of ? 3. 2 million, which was the single day profit of Tesco in the year 2001.

Hence, imagine the amount of profit it makes every year. All of us are now dependent on these supermarkets. We no longer have the patience or time to visit multiple shops to buy different products. (Guardian 4 March, 2003)

The competition is huge in this business and each company is trying something new to attract more customers.

The distribution system, store layout, kids' corner and self service counters, all types of convenience is thought after. Another aspect that is given great importance is the

Elizabeth Shaw 2 product mix. Since, variety of products is the reason customers come to these stores, hence the right product, at right time and place is mandatory. However, like all industry this business has its set of advantages and disadvantages. The advantages of a supermarket are: a) Wide range of products b) More than one option for a particular product c) Open on all 365 days in a year. At time some are open for 24 x 7 d) Better equipped than a corner shop e) Prices are relatively cheaper than the corner shop, because they buy in bulk and pass on the discount

f) Privacy is maintained in the supermarkets, but the corner shop becomes a place for gossip g) The locations of the supermarkets are at convenient places, like near the railway station or near the office areas h) The stores provide standardized goods At the same time it has its own set of disadvantages: a) Any supermarket demands a huge space.

At times it can be more than 3 acres of land, hence the location choices are limited b) Even though huge variety of products are available, the store attendants are not as friendly or sociable as the corner store attendant

c) At times you may not get fresh materials, especially in case of perishable items d) The market may not be near your home, hence, you can not access

it in times of emergency Elizabeth Shaw 3 e) Since the concept is relatively new in smaller towns and cities, yet has yet to get worldwide popularity f) The supermarkets does business in bulk hence, per unit profit is low. Thus a higher amount of investment is at risk g) The risk of having a monopolistic environment (Debbie Howell 10 June, 2002) However, irrespective of its numerous disadvantages the concept of supermarkets is here to stay and grow.

2. Discuss the ethical and social responsibility issues of marketing chocolate and alcohol when obesity and binge drinking are considered serious social issues. The customers nowadays are more health conscious than ever before.

Yet many of us affected by obesity and drinking problems. Chocolate was considered a prime culprit for obesity and so was alcohol. But both the products have huge market capitalization and consumption. So are people ignorant of its side effects? The answer is “ No”. We now know the limits of its consumption.

At the same time the chocolate and alcohol manufactures have taken serious steps to make people aware of its harmful effect, due to over consumption. All the manufacturers have the responsibility to the society and practice ethical marketing and sales methods even at the cost of profits. Safe drinking and consumption of chocolates are preached, because the companies now look forward to the long term business. The customer aside, the companies are giving due consideration to the working condition of its employees.

It is no longer a labor intensive industry.

Machines and technologies have replaced manpower and have made the working environment more people friendly. Elizabeth Shaw 4 Even then many companies, especially the drinks companies and fast food restaurants have received the negative feedback. They have been accused of misusing the consumers' trust and are offering products which are unhealthy. Obesity and binge drinking is the result of these companies.

The entire industry is blamed. But one needs to understand that these companies are responsible to produce quality products and sale it and it is up to the consumers to accept the products.

They can consume as per their requirement or need. That consumption volume can not be dictated by the companies. It becomes more of a product misuse rather than a phony marketing strategy. There have been numerous instances when the consumers have over consumed the products and have faced the consequences.

But such instances can not be controlled by the companies. Government bans or legislation can not also counter these problems. The recent spate of deaths in Europe due to alcohol-related problems has prompted the governments to put restrictions on alcohol advertisements.

Responsible drinking is encouraged, and the same is supported by the leading alcohol manufacturing companies. This includes Heineken and Diageo. But unfortunately it is falling on to the deaf ears of the core drinkers.

(A sobering thought for the alcohol industry 18 June, 2007) However, with the voice of various social and non-governmental organizations these industries have changed their marketing policy. They are warning the consumers of the ill effects from over consumption of their products. This is a more social of marketing products.

At the same time they are avoiding any controversies and are trying to give a clear picture on their product range.

Customers are now more aware of the products than ever before. They know the intake quantity, and since warning signs are posted on the product labels the companies are at a lesser risk. The alcohol companies knows that most people start of with a normal consumption rate but later on progress towards an alcoholic problem. Similarly the chocolate industry is aware that most people are not getting obese because of the consumption they make of their products, but the Elizabeth Shaw 5

lack of exercise is what makes the problem more acute.

In some instances the companies also lack in their marketing ideas. It is not advisable to promote exercise by offering chocolate or fast food. This brings a negative impact on the people's mind that the company is actually trying to promote their products rather than encouraging exercise. The companies should promote healthy eating habits and health consciousness programs without attaching their product promotions. This will create a positive image of the companies and the customers will trust the company and its products.

This will be a much more ethical and social approach of marketing the products. Amidst all these the misuse still continues, hence it is important for companies to understand the gamut of their product misuse. This will help them to analyze and gauge the extent of their product use and how well can they manage the distribution and marketing in order to ensure less misuse. (Mallen Baker 1 March, 2004) As per the ethical issues are concerned each company has a moral responsibility to the society and a fair practice to follow in the business. It is up to the society and the individuals per se to accept the company.

3. Consider the acceptability of the statement that “ all is fair in war and business” Business is tactical warfare, which requires lot of guts, grit and luck. Nothing can be achieved on a single day as “ Rome was not built in a day”. In today’s competitive business environment the companies practice lot of business philosophy which was unheard before. Takeovers, inside information, cheap outsourcing, and black marketing are just few of the terms.

In order to survive the companies, especially the smaller ones, depend on lot of unethical business practice. Per human nature, we are opportunistic.

We try to grab the best possible option at the slightest hint. We do not keep any stones unturned and if need be we do not retreat to grab it.

What has happened in the centuries of war is now practiced in business.

Elizabeth Shaw 6 A few similarities between war and business can make the understanding much clearer. These are: 1. The war is fought for land, power

or money. Similarly in the business the competition is based on market share 2.

In war many battles are fought in different regions or territories. In business you compete in different markets and with multiple competitors 3.

Just like in war, in business, you need to estimate the next move of your opponent. You must have the foresight or sixth sense about your competitors' business strategies.

4. During warfare you must control the various aspects of land, air or sea. In business too you need to control multiple markets and customers, while servicing them with your best effort. 5. Warfare means, efficient handling of your supplies. Business also requires efficient supply of capital, which can be reaped from the profit.

6. War means maintaining your territory. Business also requires you to maintain your market and your customers.

7. Same as war, business requires sound administration and control.

You must defend your company brand image and product price by using effective control and management. (Lance Winslow n. d.) That said we need to understand that not all wars were fought only with arms and ammunitions.

Various strategies and short cuts were used to win wars. Same in business, you need to implement strategies and counter attacks to win the market share. However, one must remember that the consumers and society are

much more aware of the market. Information is free flowing and wrong step can hamper your business.

In spite of this companies have taken steps which are Elizabeth Shaw 7 unethical. But what is the extent till which companies can go unethical or use malpractices.

It is easy to say that “ all is fair in war and business”, but it is not so in today’s international market. You might get banned in a country and loose your worldwide brand image. Business is always at risk in these days and competition has increased manifolds. The company must assess the market and understand the need of the customers and accordingly plan their products and marketing strategies.

The company must ask itself, what they can offer to the customer and how it will be different from the competitors’ product.

Identify the lacuna of the competition and decide how you can fill up that gap this will ensure you a new market and hence a clear field to be the market leader. But here the business must remember that competition will soon be there in the new market, hence it need to be cautious and persistent in its approach. (Barry Farber June 2002) In the current perspective one can say that many malpractices were used in the earlier days of trading and manufacturing.

But, it is no longer possible now.

A defect in a simple child’s toy can lead to call back of the entire production lot. It is more so if the commodity is a perishable product. These items have

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a smaller shelf life and hence, are at a greater risk of being spoilt or returned. Thus a sound production and distribution system is required to ensure that no sales point is over stocked. To ensure a good brand image, viral marketing is the best option, but how many companies nowadays follow this advertising medium.

Thus there is nothing wrong in saying that “ all is fair in love and business”.

Only one must know the difference between ethical and unethical, right and wrong approach in business parlance. Elizabeth Shaw 8

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