

# Sales Distribution and Logistics Management

## MBA III Sem.

### CASE STUDY

## Marketing and Distribution of Perishable Foods

Sachin and Virag are two enterprising youth. They have passed out from IIM, Bangalore. They thought instead of doing a job, they will launch fresh vegetables in Indian markets. Having learnt of the future conventional foods, they decided to venture into cultivation of mushrooms.

Mushrooms are known to be the best alternative food for vegetarians. For Sachin and Virag fund raising was a serious handicap for mass production. However, the first trial batch of mushrooms that they produced was bought by Star Hotel in Bangalore. Further, the hotel placed orders for supply of 20 kgs every day.

Now mushroom industry is run by small entrepreneurs, like Sachin and Virag. Another big player M/s Ashtavinayak Mushrooms, equipped with cold storage facility was more interested in the export market.

Sachin and Virag have set their sights high. They aim to sell mushrooms in a very big way all over India. Mushrooms have a great market potential and is a perishable food.

### Questions

- A. How will you advise Sachin and Virag, as how to increase the consumer awareness about this new food?
- B. What would be your suggestions for distribution channel for mushrooms?

### Possible Solutions

A.

Consumer awareness can be created by test marketing. Through sales persons and customer response to the product.

Samples can be distributed in big malls and Variety stores.

Awareness can also be created through outdoor publicity such as wall hoardings, banners, insertions *in news papers* etc.

Targeted Customers:

- \* Hotels
- \* Household sector
- \* Restaurants
- \* Industrial canteens

Brand name of the company along with the product can also be highlighted to the customer by using the concept *of event marketing*.

For different kinds of selling modes they can target different customers

**Institutional sale:** Hotel / Restaurants/Industrial canteens

**Individual sale:** Household

Approach to hotel industry can be made and product benefit can be shown to convince the customer. Mushroom related recipe booklet can be given to them for use.

Can approach the T.V programs for Khana Khazana to show different recipes of Mushrooms in their shows.

Dealer push through sales promotion campaign.

Press meetings can be a way to consumer awareness. Editors, journalists of newspapers having maximum circulation can be contacted and samples to be distributed to them (such as 250 gm or 100 gm packs).

Packaging should be attractive.

B.

**Distribution network:**

Product having being perishable, company should go for *faster and effective distribution* network having *cold storage facility*.

Distribution through company delivery vans in local market and distribution through rail or road transport to urban markets.

# MARKETING MANAGEMENT

MBA II Sem.

## CASE STUDY

### Segmentation of Indian Refrigerator Market

India's Refrigerator market estimated at Rs. 2750 Cr. is catered mainly by 10 brands. The annual capacity is estimated at around 4.15 million units is running head of demand of 1.5 millions.

As there is a demand and a surplus supply, all the manufacturers are trying out for new strategies in the market.

Times have changed and also the buying behaviour of the customer. Earlier it was cash and carry system. Now dealers play an important role in selling; now the systems is exchange for old "bring your old refrigerator and take a new one with many gifts".

A new company by name Electrolux has entered the market which has acquired Allwyn, Kelvinator and Voltas brand.

Researchers have revealed that urban and city sales are declining and hence all manufacturers are trying to concentrate on rural markets.

Electrolux strategy is customisation of market, with special attention to the Northern and Southern India markets, while Godrej the main player thinks that dealer network in rural market for sales and service will be beneficial and is trying to give more emphasis on dealer network, whereas Whirlpool has adopted the strategy of increasing the dealer network by 30%.

The market shares of the major players are as follows:

- Godrej 30%
- Videocon 13%
- Kelvinator 12%
- Allwyn 10%
- Voltas 5%
- Whirlpool 27%
- Daewoo 1%
- L.G 1%
- Others 1%

#### Questions

1. Could the refrigerator market be segmented on geographical base planned by Electrolux?
2. What would be the marketing mix for rural market?
3. Would 125 L and 150 L models be an ideal choice to launch in rural market?

#### Possible Solutions

1. The main justification for Electrolux strategy would be Electrolux is

amalgamation of 3 companies, Kelvinator, Voltas and Allwyn. Allwyn is popular in South Indian market, while Kelvinator is famous in North India Market. Electrolux wants to cash in on the popularity of the respective brands.

It is not possible to segment according to North or South Indian Market, once a company's name becomes a logo, then the reason for buying for customers for other brand depends upon price, quality, usability and features of the product.

The storage pattern of foods in North India and South India is same. Same is the case of rest of India, so it won't be possible to segregate the market according to the geographical base.

2. The rural market is small but significant as far as refrigerator is concerned.

Moreover, the cost of selling of dealer in the rural market should also be justified.

The type of food the rural people consume should also be taken into account; they prefer to have more of natural foods and less of derived food products like Ice-creams, butter, cheese etc. The cost of the refrigerator should be less attractive to buy. The size and material should be so adjusted that the cost price would be reasonable. The capacity of the refrigerator should be 100 l - 300 l. Much more space has to be given for storing vegetables. Other important factor to be taken into consideration is the Power supply which is not so good in rural areas. To avoid the voltage fluctuations in built stabilisers will be the selling features in the rural areas.

3. The chances of selling of 125 l and 150 l refrigerators are high because the prices of the refrigerators would be less. This would be a major factor. The second aspect would be they don't have many items to store. They would prefer a small refrigerator, also the space in their homes are not very big wherein a small refrigerator would serve their needs.