

## Improving Sales and Distribution Efficiency Factors as a Means to Ensure Sustainable Development - An Empirical Study

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### Abstract

This research study considers Hindustan Coca-Cola Beverages (HCCB) strategies to sell the right product to the right customer through the right channel as the "frame of reference". Accordingly, the study focuses on two specific objectives derived from the research questions, viz., "Is it possible to enhance and sustain the distribution channel by selling the 2.25 litre Coca-Cola (Party bottle) in dedicated cake selling outlets?" and "Is it possible to enhance and sustain the distribution channel by introducing Limca Sportz in sports academies such as badminton courts, football turfs, cricket academies?". The study also analyses HCCB's strategies to build and maintain strong relationships with independent cake outlet owners and sports academies. The study finds that HCCB uses a variety of strategies to sell the right product to the right customer through the right channel. These strategies include **Product segmentation:** HCCB segments its products based on different customer needs and preferences. For example, the CCC project targets customers who are celebrating a special occasion, while the Scaling up Limca Sportz project targets customers who are active in sports and **Channel selection:** HCCB selects the right channels to reach its target customers. The study concludes that HCCB's strategies for selling the right product to the right customer through the right channel are effective in building and maintaining strong relationships with its channel partners.

**Keywords:** *Customer, Product, Distribution, Channel, Strategies, Relationship.*

### Introduction

Fast-moving consumer goods (FMCG), also known as consumer packaged goods (CPG), are products that are sold quickly and at a relatively low cost. Examples include non-durable household goods such as packaged foods, beverages, toiletries, candies, cosmetics, over-the-counter drugs, dry goods, and other consumables. Fast moving consumer goods have a high inventory turnover and are contrasted with specialty items which have lower sales and higher carrying charges. Many retailers carry only FMCGs; particularly hypermarkets, big box stores and warehouse club stores. Small convenience stores also stock fast moving goods; the limited shelf space is filled with higher turnover items.

The FMCG (Fast Moving Consumer Goods) or Consumer Packed Goods (CPG) industry represents one of the largest industries worldwide. As per a study, the FMCG industry is well positioned to register a growth of \$310.5 billion between 2022 and 2026, primarily driven by the rising consumption of ready-to-eat food products. In fact, by 2025, the total consumer spending on food is expected to touch around 8.85 trillion U.S. dollars. Additionally, increasing awareness among the consumers and expansion of organized retailing will also be catapulting the demand gradient over the next few years.

## **Global Scenario of FMCG**

The global FMCG market is expected to grow at a CAGR of 5.1% from 2022 to 2031, driven by rising disposable incomes, increasing urbanization, and changing consumer lifestyles. Key trends include growing demand for healthy and functional food and beverages, rising popularity of premium and personalized products, shift to online shopping, and growth of emerging markets.

Key challenges include rising inflation, supply chain disruptions, and increasing competition. The key to success for FMCG companies will be to innovate and develop products that meet the changing needs of consumers.

## **Indian Scenario of FMCG**

The Indian FMCG market is poised for robust growth, projected to reach a staggering INR 6.3 trillion by 2028, driven by a CAGR of 7.8%. This burgeoning market is fueled by a confluence of factors, including rising disposable incomes, rapid urbanization, and evolving consumer lifestyles.

A notable trend is the shift towards premium and personalized products, as Indian consumers increasingly seek high-quality, tailored offerings. This is accompanied by the burgeoning growth of e-commerce, with online FMCG sales expected to surge at a CAGR of 25% over the next five years.

## **Swot Analysis of FMCG**

### ***Strengths***

Wide range of products

Strong brand recognition

Global Reach

### ***Weakness***

Low margin

Competition

Seasonality

### ***Opportunities***

Growing demand in emerging markets

Growth of e-commerce

Growing demand of healthy and functional foods and beverages

### ***Threats***

Rising inflation

Changing customer behaviours

New entrants

### **Review Of Literature**

**Ramanathan V<sup>1</sup>** - In the last two decades, the developed and developing nations have seen their economies change from being a manufacturing-led to a service-led, in terms of wealth creation, employment and investment. From the day, when our country opened the doors of our economy to the process of liberalization, privatization, and globalization, the manufacturers as well as the distributors of both domestic and global markets have started to herald their products in our rural destination.

Hardeep Singh<sup>2</sup> - This research paper aims at identifying and describing the improvements in the distribution models followed by FMCG Companies in peripheral areas of Indian smart cities. These mid-sized geographies are believed to be the epicentres of ever-growing consumer demand. Classification of Indian cities by multiple sources was studied. The concept of product life cycle was used to classify cities. This classification helped to realize why emerging markets in smart cities are drawing attention of FMCG companies.

K. Pavitra, Sangita Das and A K Subramani<sup>3</sup> - The author clearly mentions that the study is based on the Coca Cola Company with respect to customer satisfaction. Coca Cola began its global network in the 1920s where it changed its packaging from cans to plastic bottles, as well as diversifying into sports drinks, tea, and coffee. The author further states that his objective in this study was to find consumer preference with respect to price, packaging, demographic variable, factors and the services rendered by the company.

Irfan Bashir, Madhavaiah C. and Krishna Ram<sup>4</sup> - Distribution is a key determinant of success of all insurance companies. It is a combination of different decisions regarding various channels of distribution. An insurer covers the market through various distribution channels like individual agents, corporate agents including bank assurance and insurance brokers. Better channel management is likely to improve channel performance in the long run. It therefore makes sense to look at well-balanced, alternate channels of distribution like internet channel, banc assurance, telcassurace, shop assurance etc. The main purpose of this article is to critically examine the insurance distribution channels in India, and to propose innovative alternate channels of distribution which benefit both insurers and consumers.

Research and Markets<sup>5</sup> – The report, Air Cooler Market in APAC 2017-2021, has been prepared based on an in-depth market analysis with inputs from industry experts. The report covers the market landscape

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Ramanathan V<sup>1</sup> - Retailing Channel Enhancement Strategies adopted by FMCG companies in South Indian Rural Market – 2007

<sup>2</sup> Hardeep Singh<sup>2</sup> - Improving FMCG Distribution in Peripheral Areas of Emerging Smart Cities: The Case of Gurgaon (Gurugram), India - 2017

<sup>3</sup> K. Pavitra, Sangita Das and A K Subramani<sup>3</sup> - A study on customer satisfaction towards Coca Cola Company, Chennai – 2015

<sup>4</sup> Irfan Bashir, Madhavaiah C. and Krishna Ram<sup>4</sup> - Critical Analysis of Traditional and Modern Insurance Distribution Channels In India – 2013

<sup>5</sup> Research and Markets<sup>5</sup> - Air Cooler Market in India and China 2017-2021: By Geography, Distribution Channels, Product & End User, 2017

and its growth prospects over the coming years. The report also includes a discussion of the key vendors operating in this market. One of the major drivers for this market is the expanding organized retail sector in developing countries. Evolution of the retail industry, especially in developing countries like India and China, is marked by the emergence of many stores in the hypermarket, supermarket, and specialty store formats.

**Research And Markets<sup>6</sup>** - India baby care products market is witnessing a growing trend over the past few years owing to increasing child population, rising awareness towards using baby care products, the growth of e-commerce industry as well as a rise in a number of working women and nuclear families. Further, the market is projected to follow the growth trajectory over the coming years as well as the market players are making efforts to innovate and introduce more nature and environment-friendly products which are both economical and skin friendly providing ambience of safety and cheerfulness to the child.

**Research and Markets<sup>7</sup>** - The "India Chocolate Market (2017-2023): Forecast By Product Type, Category, Product Shape, Chocolate Type, Packaging, Distribution Channels, Regions and Competitive Landscape" report has been added to Research and Markets' offering. India chocolate market is projected to grow at a CAGR of over 19% during 2017-2023. Growing awareness towards health concerns, adulteration issues in traditional sweets as well as changing taste preferences of Indian consumers are resulting in a shift towards chocolates.

**B. Bagul<sup>8</sup>** – This paper talks about the horizontal expansion of Coca-Cola in the upcountry regions and its scope. It's also important for Coca-Cola as a market leader to take care of the needs and wants of the customers. The researchers also discuss that this paper focuses on activating new outlets for Coca-Cola, their selling and distribution function and retailers. They focus equally on the branding and equity aspects of Coca Cola. It's also been seen that there is a scope of expansion in rural areas as its still untapped by the leading companies and this can be done by creating brand awareness in these areas. The FMCG branch deals in a two-way system. The researcher talks about the horizontal expansion of Coca-Cola (amount of sales is increased by increasing the number of outlets) and outlet activation (through Acquisition, Retention, and Activation). To find out accurate results, questionnaires, personal and records of the organization are used as a means of data collection. The results show that Coca-Cola is the most preferred beverage in the market whereas water and soda are the least preferred ones.

### **Introduction to the Study**

A customer is generally understood to be the person who makes the decision to purchase a product or who pays for it. In fact products are often bought by one person for consumption by another, therefore the customer and the consumer need not be the same person. The Coca Cola Company who is manufacturer, retailer and marketer of the non-alcoholic beverage concentrates and syrups focuses on the consumers rather than the customers. Being a company which is American by origin and with a rich

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<sup>6</sup> **Research And Markets<sup>6</sup> - India Baby Care Products Market 2018-2024 by Product Segments, Distribution Channels, Regions, and Competitive Landscape**

<sup>7</sup> **Research and Markets<sup>7</sup> - India Chocolate Market 2017-2023: Forecast By Product Type, Category, Product Shape, Chocolate Type, Packaging, Distribution Channels, Regions and Competitive landscape**

<sup>8</sup> **B. Bagul<sup>8</sup> - "Scope for horizontal expansion for Coca-Cola in upcoming region" - December 2013**

history starting from the year 1886 it must have been a very dynamic firm which changes its strategies and tweaks its products according to the needs and wants of the consumers.

As Coca-Cola in India, preferably **Hindustan Coca-Cola Beverages** came with such an initiative to sell the right product to the right customer through the right channel. And in this study, I have been worked as an intern at Hindustan Coca-Cola Beverages and keenly observed their strategies to sell the right product to the right customer through the right channel. And the projects they have assigned me is

***CCC (Cake-Coke-Celebration):***

Whereas to increase the distribution channel by selling the 2.25 litre Coca-Cola (Party bottle) in the dedicated cake selling outlets, and

***Scaling up Limca Sportz:***

Whereas to make a survey on collecting requirements in the interested sport academies on selling Limca Sportz.

**Scope of the Study**

The study claims the effective impact of the unconventional yet creative sales and distribution strategies adopted by Coca-Cola segmented towards the Indian market and targeted towards the people whose ages range from 16-60 and positioned as a beverage suiting multiple occasions whether be it family gatherings or friendly outings and any energy consuming sport activity.

The study aims to create an equilibrium between the segmentation and targeting of different types of customers in a specific geographic location and expresses the effect of different types of marketing strategies on different types of customers subjected towards the manner in which the product, in this case, Coca-Cola, is positioned in the market.

The study, thereby, also explains that the millennial and Gen Z are the targeted customers which are the most responsive individuals in the market for ideation beverages such as Coca Cola which is at the top of the industrial food chain as per customer preferences because of the popular brand image and the footfall that the company has.

**Objectives of the Study**

To investigate the factors that contribute to accepting and not accepting the CCC (Cake-Coke-Celebration) offer by independent cake shops.

To collect that requirements and factors from the Sports Academies that accept and not accept Limca Sportz.

Based on the research study, suggestions and recommendations provided for the CCC and Limca Sportz.

**Data Collection**

***Sample Size***

The Sample size for the project CCC is **60** Cake Outlets, and The Sample size of the sport academies is **65**.

***Sampling Design***

The data that has been generated me is Primary Data by taking surveys, interviews, experiments, specially designed for understanding and solving the research problem at hand. Primary data refers to the first-hand data gathered by the researcher himself. Sources of primary data are Surveys, observations, experiments, questionnaire, interview method, etc.

### **Analytical Tools**

The statistical tool used in the study is **Chi-square analysis**. The chi-square test is used to estimate how likely the observations that are made would be, by considering the assumption of the null hypothesis as true.

### **Limitations of the Study**

Since I was doing my internship at Hindustan Coca-Cola Beverages (HCCB) which is located in Chennai, this study was restricted only within Chennai.

The study was limited by the time and resources available.

### **Data Analysis And Intrepretation**

**Table: 1**

***Distribution of sample cake outlet respondents***

<b>Region of Chennai</b>	<b>No. of Cake Outlets</b>	<b>Percentage</b>
North	6	10%
South	12	20%
Central	40	67%
West	2	3%
<b>Total Outlets</b>	<b>60</b>	<b>100%</b>

Source: Field Survey.

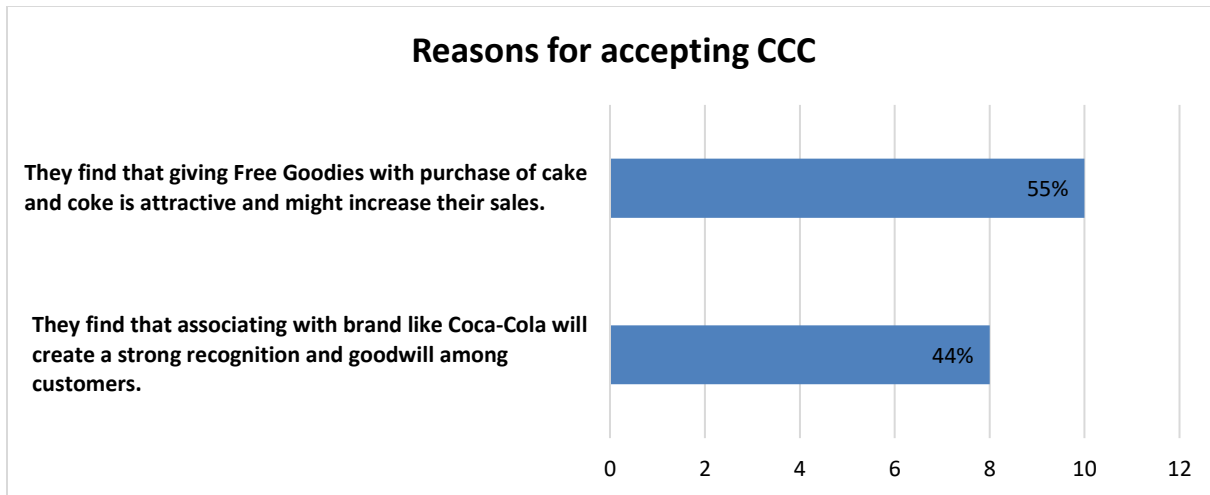
### ***Interpretation of sample distribution***

The above table shows that majority of the respondent's Cake Outlets (67%) is located in Central part of Chennai since multiple Cake Outlets are located in central part of Chennai.

**Table: 2**

***Reason for Accepting CCC Offer by Independent Cake Outlets***

<b>Reasons for accepting</b>	<b>No. of Outlets</b>	<b>Percentage</b>
They find that associating with brand like Coca-Cola will create a strong recognition and goodwill among customers.	8	44%
They find that giving Free Goodies with purchase of cake and coke is attractive and might increase their sales.	10	55%
<b>Total Outlets</b>	<b>18</b>	<b>100%</b>



Source: Computed from table 2

**Figure: 1**

This figure shows the reasons for accepting CCC by independent cake selling outlets.

### Interpretation

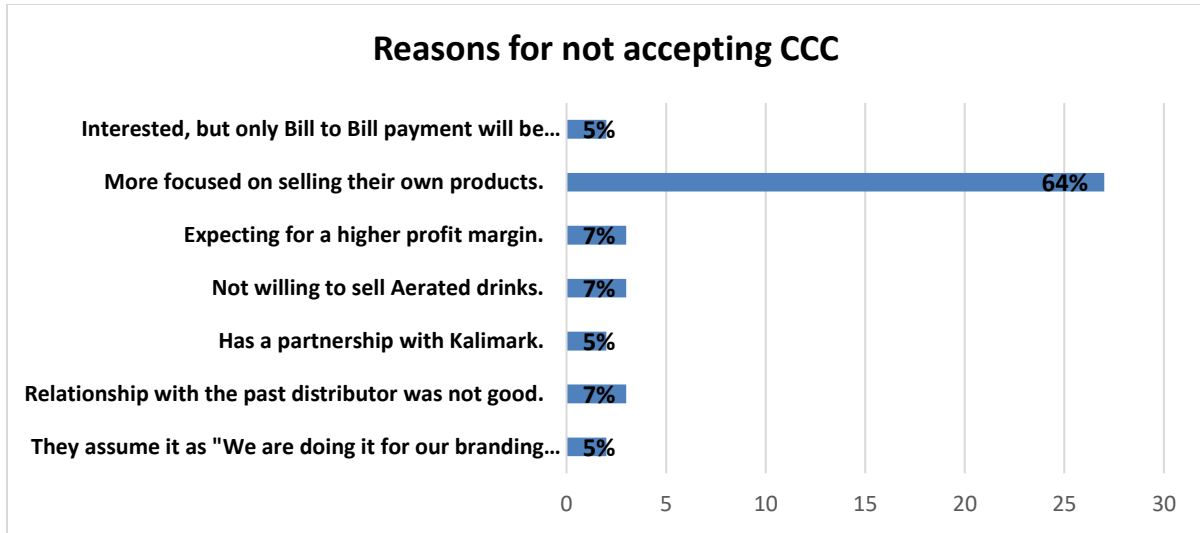
The above table and the figure shows that 55% of the majority respondents (10 outlets) are finding that giving Free Goodies with purchase of Cake and Coke is attractive and might increase their sales which shows that Push Strategy by HCCB is working out in majority outlets

**Table: 3**

**Reason for not accepting CCC Offer by Independent Cake Outlets**

Reasons for not accepting	No. of Outlets	Percentage
They assume it as "We are doing it for our branding more than their additional sales".	2	5%
Relationship with the past distributor was not good.	3	7%
Has a partnership with Kalimark.	2	5%
Not willing to sell Aerated drinks.	3	7%
Expecting for a higher profit margin.	3	7%
More focused on selling their own products.	27	64%
Interested, but only Bill to Bill payment will be accepted.	2	5%
<b>Total Outlets</b>	<b>42</b>	<b>100%</b>

Source: Field Survey.



Source: Computed from Table 3

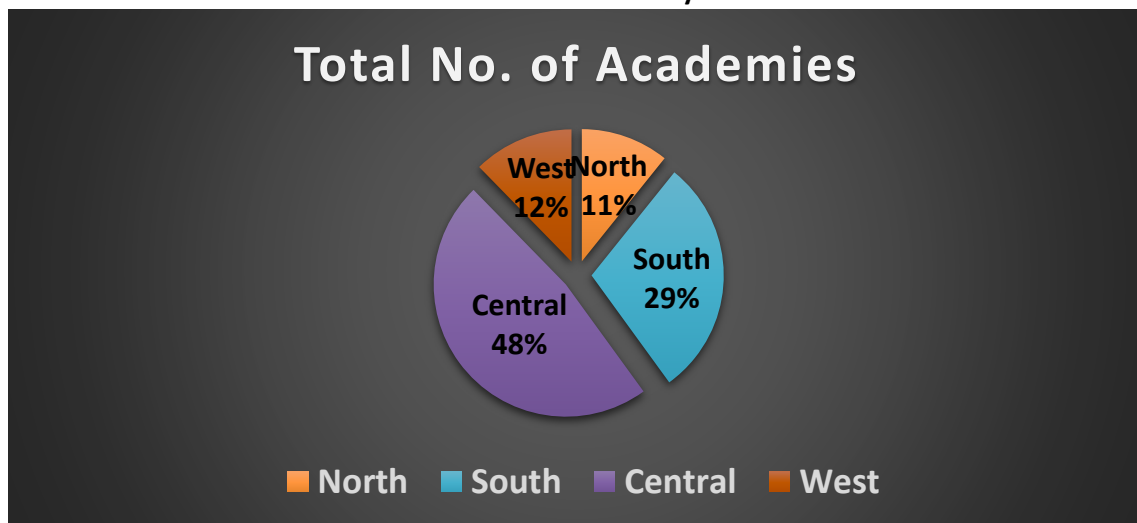
#### Interpretation for not accepting CCC Offer:

The above table shows that 64% of the majority respondents (27 outlets) are more focused on selling their own products rather than selling other products since they only priority is to sell cakes.

**Table: 4**  
**Region of Sport Academies respondents**

Region	No. of Academies	Percentage
North	7	11%
South	19	29%
Central	31	48%
West	8	12%
<b>Total Academies</b>	<b>65</b>	<b>100%</b>

Source: Field Survey.



**Figure: 3**

This figure shows the region of Sport Academies located in Chennai.



Source: Computed from Table 4.

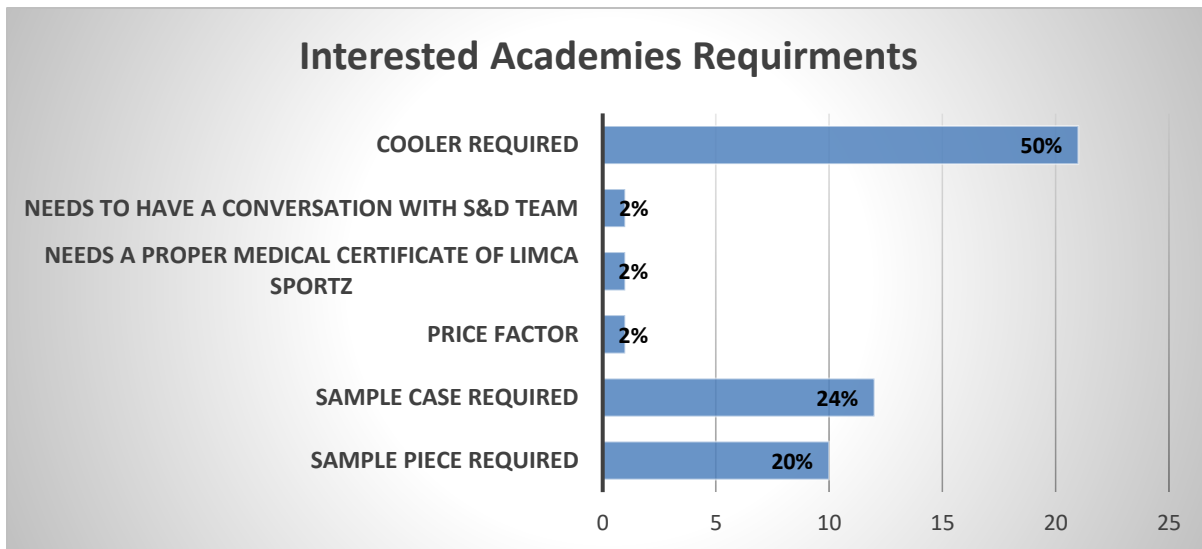
**Interpretation of Sample Distribution:**

The above table shows that majority of the respondent's Academies (48%) is located in Central part of Chennai since multiple sport academies are located in central part of Chennai.

**Table: 5**  
**Analysis of Interested Sport Academies requirements**

<b>Nature of Requirements</b>	<b>No. of Academies</b>	<b>Percentage</b>
Sample piece required	10	20%
Sample case required	12	24%
Price Factor	1	2%
Needs a proper medical certificate of Limca Sportz	1	2%
Needs to have a conversation with S&D Team	1	2%
Cooler Required	25	50%
<b>Total Academies</b>	<b>50</b>	<b>100%</b>

Source: Field Survey.



**Figure: 4**

This figure shows the requirements for the Interested Sport Academies

Source: Computed from Table 5.

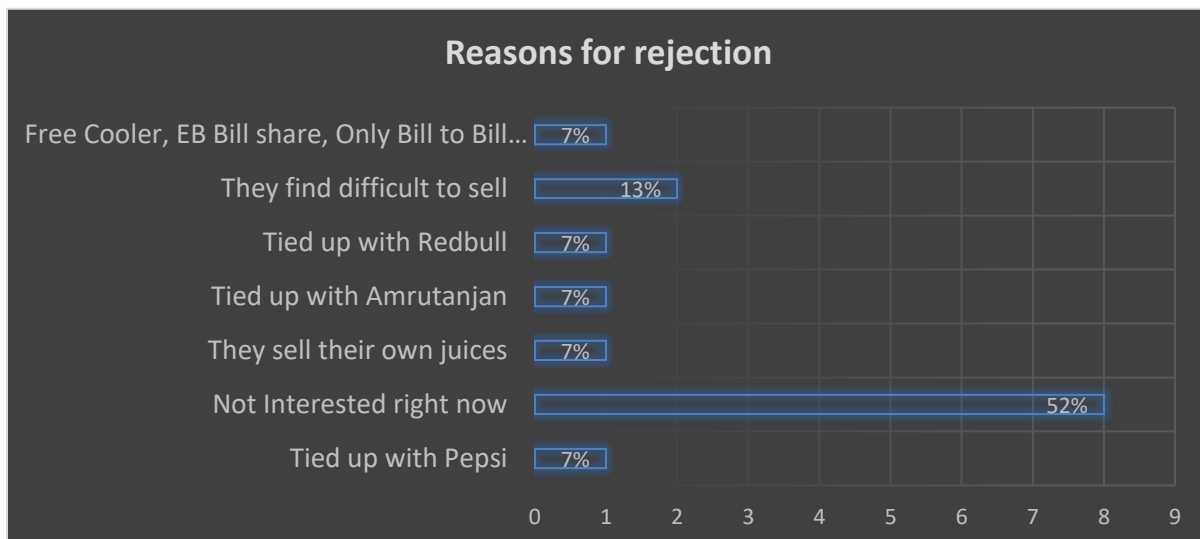
**Interpretation of nature of Requirements**

The above table and the figure shows that 50% of the majority respondents (21 outlets) are interested to introduce Limca Sportz but they require a Cooler facility, since they don't have a proper provision to store and sell it to their customers.

**Table: 6**  
**Reasons for not Accepting Limca Sportz by Sport Academies**

<b>Requirements</b>	<b>No. of Academies</b>	<b>Percentage</b>
Tied up with Pepsi	1	7%
Not Interested right now	8	52%
They sell their own juices	1	7%
Tied up with Amrutanjan	1	7%
Tied up with Redbull	1	7%
They find difficult to sell	2	13%
Free Cooler, EB Bill share, Only Bill to Bill required	1	7%
<b>Total Academies</b>	<b>15</b>	<b>100%</b>

Source: Field Survey.



**Figure: 5**

This figure shows the reason to reject Limca Sportz by Sport Academies.

Source: Computed from Table 6.

**Interpretation for not accepting Limca Sportz:**

The above table shows that majority of the respondents (52%) are not interested right now and 13% of the respondents find difficult to sell Limca Sportz and all the other respondents tied up with other sport drinks and one single outlet requires a free cooler and EB bill share, and since we don't provide that, that has been rejected.

**Data Analysis and Interpretations**

**Hypothesis**

There is no significant reason existing for accepting CCC Offer in dedicated cake selling shops. – H<sub>01</sub>.

**Table: 7**

Reason for NO	no. of outlets			
	1	2	14	Total
Expecting for a higher profit margin.	0	1	0	1
Has a partnership with Kalimark.	1	0	0	1
Interested, but only Bill to Bill payment will be accepted.	1	0	0	1
More focused on selling their own products.	0	0	1	1
Not willing to sell Aerated drinks.	0	1	0	1
Relationship with the past distributor was not good.	0	1	0	1
They assume it as ""We are doing it for our branding more than their additional sales"".	1	0	0	1
Total	3	3	1	7

Chi-Squared Tests			
	Value	df	P
X <sup>2</sup>	14.000	12	<b>0.301</b>
N	7		

**Interpretation**

Here  $p < 0.05$ , i.e.,  $p = 0.301$  H<sub>01</sub> is accepted.

Hence we accept the alternative hypothesis and reject the null hypothesis.

Which means, there are no significant reason existing for accepting CCC Offer in dedicated cake selling shops.

There are no significant reason existing for rejecting CCC Offer in dedicated cake selling shops. – H<sub>02</sub>.

**Table: 8**

<b>Contingency Tables</b>				
<b>Reasons</b>	<b>No. of Outlets</b>			<b>Total</b>
	<b>2</b>	<b>5</b>		
They find that associating with brand like Coca-Cola will create a strong recognition and goodwill among customers.	1	0		1
They find that giving Free Goodies with purchase of cake and coke is attractive and might increase their sales	0	1		1
<b>Total</b>	<b>1</b>	<b>1</b>		<b>2</b>

<b>Chi-Squared Tests</b>				
	<b>Value</b>	<b>df</b>	<b>P</b>	
X <sup>2</sup>	2.000	1	0.157	
N	2			

### **Interpretation**

Here  $p < 0.05$ , i.e.,  $p = 0.157$   $H_0$  is accepted.

Hence we accept the alternative hypothesis and reject the null hypothesis.

Which means, there are no significant reason existing for rejecting CCC Offer in dedicated cake selling shops.

### **Findings**

**67%** of the respondent's cake outlet is located in Central part of Chennai.

**23%** of the respondents are willing to accept (CCC) Cake Coke Celebration. In that, **70%** of the cake selling respondents finds that giving Free Goodies with purchase of Cake and Coke is attractive and might increase their sales.

**77%** of the respondents are not interested in (CCC) Cake Coke Celebration. In that, **61%** of the majority respondent's (14 outlets) are more focused on selling their own products.

**48%** of the majority respondent's Academies is located in Central part of Chennai.

**76%** of the respondents are interested to Sell Limca Sportz. In that, **50%** of the interested outlets to sell Limca Sportz requires a Cooler Facility.

**24%** of the respondents are not interested to Sell Limca Sportz. In that, **52%** of the majority respondents are not interested right now to sell Limca Sportz in their sports Academy.

## Suggestions

In suggestions, this research project delved into the sales and distribution efficiency of Coca-Cola, particularly focusing on the context of Chennai's central region. The key findings shed light on several important aspects:

**Geographical Distribution:** The study revealed that a significant proportion 67% of the surveyed cake outlets and 48% of sport academies are concentrated in the central part of Chennai. This concentration may suggest potential opportunities for targeted sales and distribution strategies.

**Cake Coke Celebration (CCC) Interest:** The research identified a divergence in interest regarding the CCC concept among respondents. While 23% of the participants showed willingness to adopt CCC, a majority of 77% remained uninterested. Notably, a substantial 70% of cake-selling respondents from the interested group believed that offering free goodies with the purchase of Cake and Coke could enhance sales.

**Interest in Selling Limca Sportz:** A significant proportion (76%) of respondents expressed interest in selling Limca Sportz. Among them, 50% indicated a requirement for a cooler facility, suggesting that the provision of appropriate equipment could enhance the product's distribution.

## Conclusion

In conclusion, this research underscores the importance of tailoring sales and distribution strategies to the specific needs, preferences, and geographic concentrations of target businesses. The divergent attitudes toward the CCC concept and Limca Sportz demonstrate the need for nuanced approaches to product promotion and adoption. By considering these findings, Coca-Cola can refine its sales and distribution efforts in the central part of Chennai, fostering collaboration with interested businesses and addressing concerns of those less inclined to adopt new offerings.

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