



IJMRBS

ISSN 2319-345X
Vol. 6, No. 3, July 2017

International Journal of Management Research and Business Strategy

www.ijmrbs.com



MEGHANA PUBLICATIONS

www.meghanapublications.com

ANALYZING SOCIO-CULTURAL PALATE AND IN-STORE FACTORS IN ADOPTION OF CHEESE AS A RETAIL PRODUCT IN INDIAN MARKET

Ray Titus^{1*}

*Corresponding Author: Ray Titus, ✉ ray.titus@alliance.edu.in

In a country where cheese is not an everyday use commodity, retailers have been pushing to get the product to be accepted as part of consumers' everyday plate sensibilities. The first step to getting the acceptance needed is to have the product available at as many store shelves as possible. This research study first focuses on understanding the FMCG distribution system for Cheese as a cold chain product. The study also evaluates stock depth of various types of cheese products to map the Cheese market in Bengaluru, a city on the south of India. The research then looks at the manner and forms of adoption of cheese as an everyday product by Indian consumers.

Keywords: Retailing, Cheese, Merchandising, Adoption, Cold chain

INTRODUCTION

From a traditional palate perspective, Cheese is not an often consumed food product. India's has its own version of cottage cheese, called Paneer which is a favourite with Indians who are vegetarians. However with a spurt in its young population, cheese is slowly but surely finding favour with Indian consumers. Currently the Indian cheese market has been valued at US\$ 237 million, and market studies suggest the market will grow at around 15-20% annually (Jain and Sharma, 2014).

While considering the global cheese consumption averages, Indian cheese use pales in comparison. While there are 3000 varieties of

cheese in the global market, India sees a retailing of around 30-40 varieties. While the global per capita consumption of cheese stands at 7-8 per annum, in India the figure stays at a mere 700 grams per person. The largest six cities in India account for 60% of the country's total cheese consumption.

It is against this backdrop that cheese retailers are striving to ensure a combination of retail push factors, and consumer pull techniques to the increase the adoption of cheese as an everyday edible product.

LITERATURE REVIEW

The factors that come into play for new product adoption among consumer are individual, social,

¹ Alliance School of Business, Alliance University, Anekal, Bangalore, Karnataka, India.

and product related by nature (Rogers, 1983; and Gatignon and Robertson, 1985). Most of the research studies have focussed on understanding the factors that prompt the adoption of incrementally new products rather than radically new ones in the marketplace (Nowlis and Simonsen, 1996; Brown and Carpenter, 2000; and Mukherjee and Hoyer, 2001). It is not easy to use conventional methods to gauge the intention to adopt really new products as the consumer uncertainty that prevails can make the pre-purchase consumer trade-offs highly labile (Hoeffler, 2003). From an individual perspective, the perceived newness of a product is driven by its characteristics of originality, novelty, and uniqueness (Dahl *et al.*, 1999). There is evidence in research to show that a trait possessed like consumer innovativeness leads to enhanced perceived benefit and purchase intention. Also, when a new product adoption is being considered, accost considerations are important only when there is a high level of benefit associated with the adoption. Benefit consideration on the other hand remains important no matter what the costs are (Wang *et al.*, 2008).

From a retail perspective, store operators use merchandising to enable their consumer to access products they are looking, motivate them to make unplanned and impulse purchases, and also to provide them with a shopping experience that is enjoyable (Levi and Weitz, 2009). The visual merchandising display process has been stated as akin to a 'silent salesperson' who uses the visual medium and who also prompts through suggestive selling to add items to the original purchase (Bhalla and Anuraag, 2010). Overall, visual merchandising displays inside retail stores aid in the launch of new products and communicate the image being cultivated by the

retailer (Bell and Ternus, 200). In addition to merchandising it's also important for retailers to manage inventory well. A weak inventory management system may lead to erroneous demand forecasting which in turn may lead to stock-outs (Levinson, 2005). The grocery industry including food and beverage and consumer packed goods on its part focuses on perfecting its order metrics (Cacioppo, 2000).

RESEARCH OBJECTIVES

The research objectives of the study were focussed on understanding the retail distribution system for Cheese as a cold chain product, and evaluating visual merchandising and stock depth of various types of cheese products in the Bangalore market. The study also gauged the consumer-buying process of cheese as a retail product and to gain relevant shopper insights.

RESEARCH METHODOLOGY

The methodology used in this research was exploratory in nature, as the conditions prevailing in the market had to be studied. The data collected for the research were from primary sources. The sample size of the number of outlets visited during the field visits was 53. All the stores studied were based on a judgement sample and limited to the city of Bangalore and were chosen based on their SKU stocks which included cheese as a product. On the customer end in-depth interviews were used on a sample of 10 married women, aged between 25, 30, 35, living in the city of Bangalore, and who were active purchasers of cheese from retail stores.

The study involved extensive field research, which included visiting the outlets in the Modern Trade (a total of 19 stores were visited) as well as the Key Account (KAT outlets) in the General

Trade (a total of 33 stores were visited) within Bengaluru Market. The chosen areas for stores represented a cross section of those around the city. This was so there was fair representation across the city of Bangalore. The specific areas covered included eight suburbs in and around the city of Bangalore. Store visits were made and the list of chain-stores visited for the purpose of collecting data included Big Bazaar outlets, Total Malls, HyperCity, More Malls, and Spar Retail Outlets retail, among others. HyperCity, which is also a nation-wide retail chain, is an exception, as in the city of Bangalore, there are only two stores of Hyper City and hence it follows the distribution system that the standalone outlets follow.

Findings – Retail

A market place analysis revealed that a specific pre-determined percentage margin taken on the entire buying stock, is given to the distributor, solely to facilitate the operation of their business. This margin varies for different accounts. For most standalone retail outlets, this margin was kept at 9.5% of the entire value of stock supplied to the distributor. The Key Account Outlets (KAT) outlets also functioned solely through distributors. A credit period was offered to retailers at the end of which they are expected to have paid for all goods he has purchased. A particular brand of retail store for example was provided with a credit period of 20 days by one of the cheese manufacturers. This enabled the retailer to pay for the stock bought on the 20th day, counted from the day of purchase of goods.

In the General Trade space, for an outlet to be given the title of 'Key Account Outlet' (KAT), it had to meet various criteria that included frequency of billing, size, stock purchase quantity and frequency, and stocking window. Based on these

parameters the KAT outlets are also classified as:

Classic: These were outlets with a single stocking window and the sales at the outlet range between Rupees 15000-30000 per month.

Platinum: These were outlets with two single stocking window and the sales at the outlet stand at Rupees 30000 per month and above.

At the KAT outlets, it was observed that the stocking window was a window-like-space, formed out of cardboard cut-outs, fitted into the shelves of the retail stores. It is called so, because products are placed within these windows (stock is placed in this space). It acts as a visibility tool to enhance the visual appeal to customers-it forms a part of in-store branding. For the moment, no stocking windows were created in the chiller section for dairy products, at any outlet.

Stores also used planograms which were visual diagrams that provides in detail where every product in a retail store should be placed. These were also visibility tools, that not only present a flow chart for the particular merchandise departments within a store layout but also show on which aisle and on what shelf an item is located. A planogram was observed to illustrate how many facings (the number of identical products on a shelf turned out toward the customers) are allocated for each SKU. Planograms were used as merchandising tools to presenting products customer, and were found to provide benefits, such as, assigning selling potential to every square foot of space, satisfying customers with a better visual appeal, allowing for tighter inventory control and reduction of out-of-stocks, enabling in easier product replenishment for staff, as it gives an idea about

the stock depth as well as the stock availability, better product positioning, and as a an effective communication tool.

There are different kinds of planograms being used, depending upon the manner in which the products were placed. These were brand-wise, category-wise, horizontal (products were placed side by side on a shelf, thereby providing a wider range of options to customers) and vertical Planograms (the products were displayed on more than one shelf).

The planogramswere maintained at the waist to eye level and the share of shelf for cheese in the chillerwas set at around fifty percent of the total shelf space. In some outlets that had been visited, due to space constraint in the chiller, all the tubs of cheese spreads were stacked one on top of the other. These resulted in poor visibility, as customers were unable to clearly see the packaging of the cheese and hence were reluctant to even try out the products. The chiller section at the stores were observed to be a blind spot and therefore was found to have minimum number of footfalls and therefore minimum visibility, as compared to the cash counter or the entrance to the store, which are examples of places within the store that account for maximum number of footfalls. The latter areas were termed as power aisles in the store.

The planogram of the chiller section played a major role in the modern trade, however its relevance in the smaller KAT outlets was found to be negligible, as in most of the smaller kirana stores, the retailer himself picked out the products for the customer. A refrigerating cooler was observed to be available in every outlet. It was found that 95% of the modern trade outlets had an open type of cooler and only 5% have a V.C

cooler. An open type cooler was found to be more desirable as it offeredenhanced visibility and ease of access to products to the consumers. The open type cooler also facilitated a more orderly arrangement of products. 36% of the KAT outlets had a Refrigerator and 63% had a V.C cooler.

Providing company-owned coolers to retailers was another push technique used to ensure in-store branding for a particular brand. However, the downside to this technique was that the retailer was found to stock up products of other brands into them. The cost incurred by the company when providing these coolers was also another constraint. Another constraint facing companies that provide coolers was the marred merchandising scenario due to clutter from other brands. Frequent visits to the stores, by company personnel ensure avoidance of such scenarios.

Inferences

In terms of stock availability it was found that cheese as a retail produce was omnipresent in the Bangalore market. The products were present in all the stores in Modern trade and in 87% of the stores in General trade. Overall the 'Amul'brand of cheese is found in 92% of the total market (MT+KAT) in Bangalore. The 'Britannia' brand was found in all the MT outlets and in 93% of the KAT outlets. Overall, Britannia Cheese is found in 96 of the total market in Bangalore. The brand 'Go' was found in 94% of the MT stores and 27% of the KATs. Overall, Gocheese had its presence felt in only 51% of the total stores. Along with Indian cheese brands, imported cheese brands were found in 68% of MT stores and 9% of KATs. Overall, Imported cheese is found only in 30% of the total stores.

Cheese products were found in various forms across brands at the retail stores in Bangalore as

listed below in the data on the same. All brands of cheese were found in Slice, Block, Cube, Spread, and Pizza forms. The stock depth was found to be at 43% for Britannia, 35% for Amul, and 20% for Go brands. Thus from the data collected, it is concluded that the presence of Britannia cheese in Bengaluru market was greater than its competitors, Amul and Go Cheese. In the case of all the 3 brands, slice was the most widely available format, followed by cube, spread, block and finally pizza cheese. Slice was also the most widely sold and consumed format of cheese, as is concluded from the consumer survey. Even here, Britannia cheese leads in presence across all five formats as compared to its competitors. Hence, in terms of category presence, stock-depth (the number of pieces available of a particular brand at any particular time) and form-depth (the number of pieces of each form of a particular brand available at any particular time) and availability, Britannia brand of cheese clearly holds a lead over its competitors in the Bangalore market.

Findings – Consumer

The findings on purchase patters and preferences were based on the depth-interviews conducted on a sample size of ten married women in the age range of 25-35 living in Bangalore and who were buyer-consumers of cheese.

Ms. S

Ms. S is homemaker born and brought up in Bangalore. Her family comprises of her husband, who is an employee of a bank, a school-going son of 6 years, and her Father-in-law. At home, Ms. S cooks both traditional as well as other dishes, depending on her family's preference. Her choice of dishes is also influenced by her son.

Ms. S is an avid Amul Cheese consumer and has been raised on eating the Amul brand of

cheese. She trusts the brand completely and also states its easy availability. She buys both slice and cube forms of cheese. She uses slice in sandwiches (for her son to take to school), and cube cheese as a garnish in Indian curries. Ms. S is not very aware of the different brands available in the market, so does not know which the most expensive brand is. She has tried Britannia Cheese slice, but is not very fond of it. Her son too does not like the taste of Britannia Cheese and says that all his friends in school eat Amul cheese. Her other members of the family are discouraged by the yellow colour of the cheese; they feel that the yellower the cheese, the more the salt and other preservatives there must be. She purchases a packet of cheese slices once in a week and buys the cube form as and when required. She also checks on the expiry date, quality of cheese and ingredients used, as per the information given on the packaging. She has switched brands in the past. She used to buy Maggi, then switched to Top Ramen, as Maggi was too sticky; and finally now buys the brand 'Foodles', as she believes it is tasty, healthy and her son loves it. She notices in-store ads, but hasn't really purchased anything under their influence. She checks out the ads on television, newspapers and leading magazines. She relies on word-of mouth from relatives and friends before trying a product. She purchases groceries from retail chains such as Big Bazaar mostly and from the neighborhood Kirana store when in dire need, and the shop keeper influences her purchases to a large extent. She is open to trying out products giving out promos and offers.

Ms. N

Ms. N is a homemaker, born and brought up at Bangalore. Her family comprises of a businessman husband, a son of 15 years and

her mother-in-law. When it comes to cooking, Ms. N prepares both traditional as well as other dishes. She is an avid Amul cheese consumer. She trusts the brand completely and believes it offers her a good price and good quality. She buys both the slice and cube formats. She uses slice in sandwiches (for her son to take to school), and uses cube cheese as a garnish in Indian curries. She is not aware of the different brands available in the market, so does not know which the most expensive brand is. She buys one packet of cheese slice every week and cubes as required. She is not aware of Britannia cheese and is not inclined to the brand. She does most of her shopping at Big Bazaar, especially on Wednesdays when there are a lot of promotions in the store. She does not recall ads seen earlier, while shopping in the store. She has been a brand switcher in the past, switching from Maggi to Yippee noodles after seeing an ad, but later realized Maggi is better and switched back again. She notices in-store ads and pillar branding content. She would be inclined to try out products offering promos and freebies.

Ms. PS

Ms. PS by profession is a teacher and her family comprises of a husband who is the manager of a travel agency. She two daughters aged 9 and 6 years and her mother-in-law. When it comes to cooking she prepares both traditional as well as other dishes. She is an avid Amul Cheese consumer. Her children too love Amul cheese; they help her in picking up Amul cheese, while shopping. She trusts the brand completely. She states it's easily available. She buys both slice and cube formats. She uses slice in sandwiches (for her children to take to school) and uses cube cheese as a garnish in Indian curries. She is not aware of the different brands available in the

market, and so does not know which the most expensive brand is. She is of the opinion that Amul cheese is itself expensive. She considers the expiry date and quality of cheese before making a purchase. She is not aware of Britannia and Go cheese. She trusts the brand Britannia and is bound to try it the next time she goes shopping. She relies heavily on word-of-mouth publicity while purchasing products-Quaker oats for her mother-in-law; and she has also started to purchase Milky Mist paneer on the advice from her aunt. She purchases groceries from Big Bazaar, especially on Wednesdays when there are a lot of offers. She does not get influenced by push strategies of the shop keeper. She is inclined to try out products based on promos and offers, and seeks value for money in all her purchases.

Ms. P

Ms. P works at the excise duty department with the government. Her family comprises of two sons aged 17 and 15 years. She cooks both traditional as well as other kinds of dishes. She buys only Britannia Cheese slice. She uses it in making sandwiches and chappati rolls. She purchases cheese slice at least once in a week and is willing to try the other variants of cheese offered by Britannia if the price is brought down. She is happy with Britannia cheese and has never thought of switching brands. She is influenced by the in-store ads and is prompted to try new products after checking out these ads.

Ms. SS

By ethnicity Ms. SS is a Maharashtrian, and by profession she is a teacher who has been living in Bangalore for the last 2 years. Her family comprises of husband, who is an army officer and two sons aged 15 and 13. At home she cooks both traditional and other dishes. She is an avid

consumer of Britannia spread cheese. She finds it easy to spread (as compared to butter) and says it's available at a lesser price. She likes its many varied flavors and her family loves it. She buys around 3-4 tubs of spread cheese a month. She does not want to try any other brand as she is happy with Britannia cheese. She does not prefer slices or cubes and is inclined to try out new products after seeing ads on TV and other media. She notices in-store branding and ads. She has not switched any brands, however if availability becomes an issue, would shift to the next best brand option.

Ms. SM

Ms. SM is from the state of Kerala and is a computer engineer by profession, and has been living in Bangalore for the last 5 years. Her family comprises of a husband who is an engineer and two children aged 5 and 1 year. At home, Ms. SM cooks different kinds of food. She is an Amul cheese slice consumer. She finds it easily available, and of good quality and an affordable price.

When it comes to Advertising, Ms. SM likes the catchy phrases the Amul brand uses on its hoardings. Her son and husband like snacking on the cheese slice. She purchases two packs of cheese slice every week. She is not aware of any other brand of cheese and therefore is not aware of the most expensive brand. She prefers to stick to the brands that she is currently using (across different products), and does not get swayed by push strategies of the shop keepers or by any advertisement. She relies on word-of-mouth reviews of colleagues and family, while purchasing a new product. A good branded product is what she wants from every purchase. She does not recall any advertisements that she

has seen recently. She purchases groceries from the Spar supermarket.

Ms. JFS

Ms. JFS is from Kerala and by profession a doctor. She has been living in Bangalore for the last one year. Her family comprises of husband who is a doctor and two sons aged 8 and 3 years. She cooks mostly traditional food and is a Britannia cheese slice consumer. The creamy texture of cheese appeals to all at her home. She trusts the brand and says it's easily available. She has tried Amul cheese and found to be hard in comparison. She is not aware of any other brand of cheese and is of the opinion that Britannia cheese is the most expensive brand. She purchases a packet of cheese slice every week. Her purchases are very much influenced by her children's preferences. She is inclined to try out new products on the basis of advertisements and notices in-store branding. She occasionally buys new products that offer promos.

Ms. MV

Ms. MV is a homemaker born and brought up in Bangalore. Her husband is a college lecturer and likes to make new and interesting dishes, following recipes on the internet. She purchases both Amul as well as Britannia cheese brands. She uses cheese slices in making sandwiches, rolls, and burgers. Cream cheese is used while preparing dishes that require it, such as mashed potatoes. Ms. MV purchased cream cheese in the quantity of one packet every fortnight. She is of the opinion that it is a good source of calcium. She is not aware of any other cheese brands and is of the opinion that Britannia is priced higher than Amul. She notices in-store branding, and purchases products that offer promos and freebies. She usually knows which brands to purchase before

coming into the store, however if there is any product that strikes her attention, she will buy and try it. She is keen to participate in an in-store cooking competition.

Ms. VS

Ms. VS is a Travel Agent, born and brought up in Bangalore. Her husband is an engineer, and at home she prepares traditional food. She buys Amul cheese spread and cheese slices. She loves the taste, and trusts the brand. She is conscious of the ingredients, taste and the expiry date while purchasing food products. She buys one packet of cheese slice and a tub of cheese spread every two weeks. She is not aware of Britannia Cheese. She would be inclined to try it as she trusts the company. She is not aware of any other brand of cheese, and does not know the most expensive brand of cheese. She notices in-store branding, and for her the brand name is of paramount importance while purchasing any product. She mostly purchases from the neighborhood supermarket and the shopkeeper influences her buying pattern.

Ms. JR

Ms. JR is a housewife, born and brought up in Bangalore. Her family comprises of a husband who is an engineer and a 10 year old daughter. At home, she cooks all kinds of food dishes. She is an Amul cheese slice and Pizza cheese consumer. She trusts the brand, and her daughter loves the taste. She also feels the brand's consistency of Pizza cheese is excellent. She is of the opinion that Britannia cheese is overpriced. She will purchase the brand if the price is brought down. She has tried the Go cheese wedges and cheese spread, but was not happy with the taste, texture or the quality. The brand name, ingredients, expiry-date, packaging are all

attributes that she looks into while purchasing a food product. She buys groceries from Big Bazaar because of the range of offers in the store. She relies on word-of-mouth reviews while trying out a new product. She notices in-store branding, but cannot recall the brands. She checks out advertisements in different media and is influenced to try out new products, but does not heed to the push strategies of shopkeeper.

INFERENCES

The market for cheese in Bangalore is substantial in terms of volumes, and the potential consumers are children. The purchase of cheese is made by mothers taking into account their children's preferences and health. The most consumed format of cheese is the slice form and is used to make sandwiches. Most customers still prepare traditional food at home, and they require only very little of cheese as part of their cooking activities. A total of six out of ten respondents are aware of Britannia cheese. Only one out of the four consumers who are currently unaware of the Britannia brand of cheese and is currently an avid consumer of Amul cheese is willing to make a trial purchase of Britannia cheese. A substantial six out of ten interviewed have been consuming Amul products all their life, and around three out ten are of the opinion that Britannia is more expensive than Amul. Most women are willing to try out products that offer promotions. Recall rate of advertisements amongst the respondents is good as six out of ten can remember the products whose ads they have viewed. Respondents do notice in-store branding.

REFERENCES

1. Bell J and Ternus K (2000), *Silent Selling*, 3rd Edition, Fairchild Publications, New York.

2. Bhalla S and Anuraag S (2010), *Visual Merchandising*, McGraw Hill, New Delh.
3. Brown C and Carpenter G (March 26, 2000), "Why is the Trivial Important? A Reasons-Based Count for the Effects of Trivial Attributes on Choice", *Journal of Marketing Research*, pp. 372-385.
4. Cacioppo K (2000), *Measuring and Managing Customer Satisfaction*, Retrieved May 21, 2015, from Quality Digest: <http://www.qualitydigest.com/sept00/html/satisfaction.html>
5. Dahl D W, Chattopadhyay A and Gorn G J (February 1999), "The Use of Visual Mental Imagery in New Product Design", *Journal of Marketing Research*, Vol. 36, pp. 18-28.
6. Gatignon H and Robertson T (March 11, 1985), "A Propositional Inventory for New Diffusion Research", *Journal of Consumer Research*, pp. 849-867.
7. Hoeffler S (November 2003), "Measuring Preferences for Really-New Products", *Journal of Marketing Research*, Vol. 40, pp. 406-420.
8. Jain T and Sharma V (April 10, 2014), *Cheese: The Next Big Market in India*, Retrieved May 21, 2015, from <http://www.indiaretailing.com/>, <http://www.indiaretailing.com/FoodGrocer/7/42/46/10104>
9. Levi E and Weitz S (2009), *Retailing Management*, 7th Edition, McGraw Hill, New York.
10. Levinson M (January 1, 2005), *The Link Between Inventory and Customer Satisfaction*, Retrieved May 21, 2015, from CIO Magazine: http://www.cio.com/article/14761/The_Link_Between_Inventory_and_Customer_Satisfaction
11. Mukherjee A and Hoyer W D (December 28, 2001), "The Effect of Novel Attributes on Product Evaluation", *Journal of Consumer Research*, pp. 462-472.
12. Nowlis S M and Simonsen I (February 1996), "The Effect of New Product Features on Brand Choice", *Journal Marketing Research*, Vol. 33, pp. 36-46.
13. Rogers E M (1983), *Diffusion of Innovations* 3rd Edition, The Free Press, New York.
14. Wang Q, Dacko S and Gad M (2008), "Factors Influencing Consumers' Evaluation and Adoption Intention of Really-New Products or Services: Prior Knowledge, Innovativeness and Timing of Product Evaluation", *Advances in Consumer Research*, Vol. 35, pp. 416-422.



International Journal of Management Research and Business Strategy

Hyderabad, INDIA. Ph: +91-09441351700, 09059645577

E-mail: editorijmrbs@gmail.com or editor@ijmrbs.com

Website: www.ijmrbs.com

