



**A RESEARCH PAPER ON “SCOPE FOR HORIZONTAL EXPANSION FOR COCA-
COLA IN UPCOUNTRY REGION”**

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Abstract

This research is "Scope for horizontal expansion for coca cola in Upcountry Region". The research was carried out at Hindustan Coco Cola Beverages Pvt. Ltd. The duration of the research was of two months i.e. 15/04/2014 to 15/6/2014. As a tool to gain advantage over the competitor's expansion and intensive distribution is necessary so as to cater to the needs of all the customers in the market. The objective of this research is to activate new outlets for the coca cola company and also to understand how the selling and distribution function are carried out for coca cola in Upcountry region. The research also aims at understanding each retailer and the end consumer's satisfaction with the service, their focus brand and brand equity of coca cola. The method adopted for the data collection was the survey method and research instrument was the Questionnaire. The data collected through the survey was then analyzed and the information was generated and presented in the Graphical format. This research yields some very useful conclusion that has been mentioned later. A viability of the product was one of the major factor in purchase as the competitors' products is almost same. Greater scope for Expansion was seen in rural areas as it is still untapped and increasing brand awareness among all people. Further the survey involves both quantitative as well as qualitative research so as to get a vivid picture of the entire scenario. Quantitative research was carried out through well-structured and designed questionnaire. Data collected from the survey was analyzed and conclusion is drawn, based on the information and analysis made the recommendation and suggestion were put across to the company showing ways to expand and improve the selling and distribution of coca cola.

Keywords: Beverage, F.M.C.G, C.S.D, E.D.S, S.K.U, S.G.A, C.P.G, R.G.B,

Introduction

Before we discuss the topic let us understand the fundamental aspect of the Coca-Cola Company's marketing strategy. In the FMCG sector beverage is one of the toughest branch. It deals with the two-way system. In the other system once the goods are sold, the responsibility

is over but in the beverage industry (for RGB) one not only sell the cold drink but also collect the bottle, which is very important.

Coca-Cola is the largest beverage company in the world. It produces four kind of drink

1. C.S.D (Carbonated Soft Drink) - Thumps Up, Sprite, Coca-Cola, Limca, Fanta.
2. JUICE - Maaza.
3. WATER-Kinley.
4. SODA - Kinley.

MARKET EXPANSION:-

A market can expand in two ways

Vertical Expansion: In Vertical Expansion amount of sales from existing customer outlets is increased.

Horizontal Expansion: In Horizontal Expansion amount of sales is increased by increasing the number of outlets (Activating new outlets).

My area of concern is Horizontal Expansion for Coca cola and also to highlight the main factors that can result in Vertical Expansion. My primary job as a market developer is "OUTLET ACTIVATION".

During outlet activation we classified into three-phase and whole process comes under the "outlet management". There are the three-phases. The whole process of outlet activation comes under "Outlet Management". The Outlet Activation comprises of three phases which are as follows-

- Acquisition
- Retention
- Activation

REASON FOR SELECTING THIS TOPIC: -

1. 'Outlet Activation' for any company is one the most effective tool to increase their sale and it is directly related to the marketing division so it gives me an additional and solid exposure about marketing.
2. To create new outlet and activate the other one for company needs in depth knowledge about market.
3. It gives me the overall view about the market and competitor strategy and how it should be tackle.

4. Every organization wants to check the affectivity of its sales and distribution, through my study I have tried my best to get a very clear picture of the current sales and distribution scenario.

5. Also during visits to customers (Retailers) one come across many ground level realities about the product and the service provided by the organization.

OBJECTIVE OF RESEARCH : Followings are main objectives of the research.

Primary Objective:

1. To activate a new outlet for Coca-Cola.
2. To know the sales value of the outlet.
3. Find out the status of S.G.A i.e. (Stock Generating Assets).
4. To identify the "Focus Brand" i.e. Thums-up, Coca-Cola, Fanta, Limca, Maaza, Sprite, Kinley water, Kinley Soda.
5. To identify the "Focus pack" i.e. R.G.B (Returnable Glass Bottle), PET (Poly Ethylene).

SECONDARY OBJECTIVE:

1. To identify the retailers who are not satisfied with the service provided by the coca cola and take the responsibility why the retailers are not satisfied and give the proper solution for the problem.
2. To offer suitable suggestion for penetration in to the market, thereby increasing the market share.
3. Also to explain the strength and weakness of the distribution channels.

SCOPE OF RESEARCH

The Study is carried out in up country Region hence the scope is mainly limited to is area but some aspects may apply to other areas also.

1. It gives the information about the retailers and new Retail shop III a particular area.
2. Level of customer satisfaction related to products, their Availability and service provided by the distributors.
3. Most importantly tapping further sales opportunities with the existing customers by taking into account their current requirements and future expansion plans.
4. It is also gives the idea of the company's S.G.A their purity status.

Analysis and findings of this study is mainly relevant with this segment and may not hold true for other segment. But as basis of formulating strategy and expanding it may be used is a tool for exploiting other areas.

TYPE OF RESEARCH

Descriptive research, also known as statistical research, has been used here that describes data and characteristics about the area and the retailers that has been studied I have selected the survey approach. These are best suited for Descriptive research. I have selected this approach to learn about the area, preferences, service and satisfaction.

Features of Research Design: -

- The design was formulated to be a flexible so that changes can be adapted in the execution of the research.
- Care was taken to minimize the bias at every stage since any research work made untrue information would turn out to be unreliable or worthless.
- Effort has been taken to collect as many information as possible through the questionnaire so that elaborate analysis can be carried thereafter.
- The design was closely linked with the objectives set earlier, so that the essence of the information collected and analyze does not get diluted.

SAMPLING

Sampling studies are becoming more and more popular in all types of mass study. The result of sampling has attained a sufficiently high standard accuracy.

SAMPLE SIZE

From Retailers & Distributors.

Total No. Of Distributors	=	4
Total No. of Retail Outlets	=	200
Consumer survey-		
Total No. of Consumers	=	100

TOOLS OF THE DATA COLLECTION:- Tools used to the evaluation and designing of selling and distribution function. Evaluation instrument is a data collection device administration at the appropriate stage of any analysis. Data collected is a measure ingredient of any research project.

To get the data quit a few methods can be used like:-

- Questionnaires
- Personal interview
- Records of the organization
- Internet, magazines and video

I have used all the above mention tools to get along with my project. But the main emphasis is too given to the responses collected through questionnaires, personal interview and

discussion. The numerous official records of the past and the present, internet sites are also preferred for the collection of exact information and statistical data.

SOURCES OF DATA COLLECTION

The project uses collection of both primary as well as secondary data so as to reach the objective and come up with the best conclusion and recommendation.

PRIMARY DATA: The primary data was obtained through direct communication with the retailers and filling up of questionnaires, also enormous help was obtained from the sales man, sales executive, and the distributor who helped me in making my survey complete.

OBSERVATION AND FINDINGS

Product Preference: -

1. More number of customers and Outlets preferred coca cola as beverage. But still Availability of product was major criteria as both the products were almost the same.
2. Thumps-up, Sprite, Mazza were the most liked and consumed product, whereas Coca Cola and Limca have a very low Market Share.
3. For the Outlets, their focus brand is C.S.D & JUICE; WATER & SODA is least preferred focus brand.
4. Different Type of Outlets preferred different packaging and S.K.U depending upon the Customers that came to particular Outlet.
5. At some places local products also had very good market share, as they were cheap for both customers and retailers and also gave a better profit margin.

SCOPE FOR EXPANSION

1. Most of the Outlets on the main road and streets were already a Coca Cola outlets but a larger scope for Expansion was seen in rural areas
2. With the increase in number of customers and increasing brand awareness of coca cola large number of outlets are willing to keep Coca cola products. This has also helped for higher penetration into the market.
3. Convenience store irrespective of location also gave a room for Expansion. With continuous increase in consumers many Convenience stores have opened which provide a base for new Coca Cola Outlet. Also the older ones are now interested in keeping Coca cola due to increased demand from the customers.
4. The main hindrance in opening a new outlet was unavailability of chilling capacity. The company does provide chilling capacity but it takes a long time for the company to process

the order as it itself buys the fridge from outside. Also not all the Customers are Qualified as per company's criteria to receive the Fridge.

5. The Outlets were also not ready to pay deposit for R.G.B crates.

SELLING AND DISTRIBUTION:

1. Coca Cola has a better service it terms of selling and distribution has compared to its Competitor Pepsi.

2. Most of the Outlets were satisfied with the frequency of visit of distributors except some mainly located in rural area or far from the main market.

3. Some of Outlets felt that the there was a big gap between the distributors consecutive visit.

4. One of the main complaints of outlets was the unavailability of the desired product during the peak season. When asked to distributor they had the same complaint from the company so they were net able to meet the demand of their market.

5. The Outlets also complaint that they did not receive enough merchandising items from the company so as to advertise the product.

6. The degree of control of the company over the distributor is comparatively high in coca cola as a result the effectivly of sales and distribution is still very high.

CUSTOMER SATISFACTION: -

1. Most of the customers are satisfied with the product,the customers are happy with the price, different S.K.U available.

2. Different and innovative bottle shape also attracted customers and added to their feel good factor.

3. It is also found that good facilities are mainly provided to the retailers whose sales are good and whose records are good at the company. This becomes the problem of other retailers whose sales are not good or average, they face a big problem in the facility provided by the coca cola. This makes the retailers unsatisfied and unhappy with coca cola services, these all problems has been find at the time of survey.

LIMITATIONS

Although all efforts have been taken to make the results of survey as accurate as possible, the survey suffers from the following limitations: -

- Time and money were the major constraint. Also the number of outlets surveyed was inadequate.

- The study was conducted in a Specific area. Psychological conditions vary from place to place so the same conclusion and suggestion may not apply at every place though the central idea would be the same.
- Unawareness of many important technical aspects related to the S.G.A and beverage merchandising.
- Some respondents left some of the question unanswered, either due to inability to put a strain on mind or they did not know the answer.
- Some outlets are shared that's why they did not give the right figure and facts.
- It was no possible to get all the required data because of the confidentiality reasons.

CONCLUSION : Coca Cola leads other competitors in beverage industry in terms of market share, customer demand and customer satisfaction. The increase in number of consumers, brand awareness of Coca Cola has opened many new expansion opportunities both in terms of horizontal and vertical market. There is a large scope for market penetration in rural areas. Rural Areas are developing rapidly and has created a large base for marketing different product. The beverage industry is growing continuously and will continue to do so in coming years.

Further conclusions drawn from the study are as follows: -

1. Though Coca Cola was favored, purchase was still influenced by easy Availability, long time presence of their brands in the market and Service.
2. Retailers stressed more upon company service and margin as a prime factor for satisfaction and consumer stressed on experience and refreshment.

SUGESSTION & RECOMMENDATION

Following are the most important recommendation

1. Company should try to meet the coordination between the Distributor and Outlets so that dealers should take care about the availability of the product.
2. Company must pay more attention to less developed areas and rural areas. They need to assign salesman to this area to develop the market.
3. Company can setup a super stockiest or a area monopoly customer who will sell the product in absence of distributor in less visited areas.
4. Company should keep a track of R.G.B available with Each Outlets so as to maintain the Flow of sales in the market for R.G.B products.
5. During my survey I found that diamond Outlet don't have a merchandising presence like Dealer board, R.G.B, Flex etc. so company should provide these materials.

6. The Coca-Cola Company gives all most all the S.G.A but Outlets put their own material inside the Fridge .So care should be taken to maintain the purity of fridge. Also smaller Fridge can be provided to customer with no chilling capacity.
7. Company should provide incentive to the dealer and the Outlets to cover the \market up to large extent and increase the sale volume of the organization.
8. Company should always organize effective training programmed for its sales man to improve the efficiency of the organization.

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