Sustaining a Small Kirana Store:
Tackling Inventory and Profit Challenges

Final Report for the BDM Capstone Project

Submitted by:

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1) EXECUTIVE SUMMARY

Kochuparambil Stores is a 20-year-old Kirana shop in the growing town of Kottayam, Kerala. Mrs. Shaila Ansari, the current owner of this shop, has been running it since 2010. The shop is operated solely by her, with no other workers employed. Meanwhile, her husband helps buy items from the market while she deals with the overall sales. Despite her efforts, the store struggles with fluctuating demand, low profit returns, and intense local competition. The sales and purchase data from September 17, 2024, to December 17, 2024 (3 months) was collected directly from the store owner to analyze business insights.

This report consolidates key insights from the above business data, addressing challenges and improvement strategies for this small Kirana store. The findings are produced to create actionable recommendations for Kochuparambil Stores.

Objective: Leveraging data-driven strategies to increase sales, improve customer relationships, optimize inventory management, and enhance profitability.

The originally received unstructured data were transformed into a structured format via Google Sheets. To make the data conversion process smoother, functions like SUMIF, COUNTIF, and VLOOKUP were used. The shop has 128 items, which were organized into 10 categories based on their characteristics. Additional columns were created in the sales dataset to effectively collect and analyze the sales data and make informed business decisions. Power BI Desktop and Excel were used for creating charts from which the revenue trends, category distribution, and profit analysis were done. By comparing the product-wise average sales per day in Power BI across products, the top-performing and underperforming items were identified. Both tools were useful in highlighting areas for improvement.

The data analysis revealed key insights into sales and revenue trends, inventory challenges, and customer purchase behavior. Seasonal variations have a significant impact on sales, emphasizing the need for stock optimization and targeted marketing strategies for different times of the year. Inventory management remains a major challenge, as overstocking and stockouts disrupt operations due to the owner's lack of tracking, with purchases being made manually without proper oversight. Understanding customer purchase behavior further highlights the importance of aligning stock with

customer preferences, particularly for high-demand products like dairy, soft drinks, and snacks. Additionally, credit customers contribute a quarter of the total revenue, which has been taken into consideration in the analysis.

A detailed set of recommendations will be provided, covering inventory management to ensure optimal stock levels, cash flow strategies for better financial stability, and customer engagement initiatives to enhance retention. Additionally, a SWOT analysis in the context of competition and other operational efficiencies will be explored to strengthen the store's market position. By adopting these strategies, Kochuparambil Stores can improve profitability, enhance customer relationships, and work toward sustainable growth.

2) DETAILED EXPLANATION OF ANALYSIS PROCESS

2.1) Data Collection and Preprocessing Process:

The main concerns of this shop were fluctuating demand and low profit margins. Therefore, sales and purchase data from 17 September to 17 December 2024 were collected from the owner. Google Sheets was used for data entry, transformation, cleaning, and analysis. Typographical errors were corrected, data was sorted by transaction date, and missing values were addressed by consulting the owner or using mean imputation. Outliers were identified and removed based on historical price and quantity ranges, ensuring accuracy and consistency.

The shop has about 128 items, which were sorted into 10 categories according to their characteristics for better analysis. This enables a clearer view of each category's contribution to store revenue and profit.

i) Sales Data:

The original sales data was recorded daily by the owner in Malayalam across separate books, one for non-credit customers containing daily summaries and another for credit customers featuring monthly summaries with individual customer details noted on separate pages.

The daily sales for customers paying upfront (non-credit) are recorded in a book, with the daily purchased items, such as dairy, chapati, batter, soda, water, eggs, etc., listed on the right side.

The sales data for customers on credit are recorded separately for each customer month-wise.

The originally received data contained columns – Date, Item Name, Quantity, and Amount.

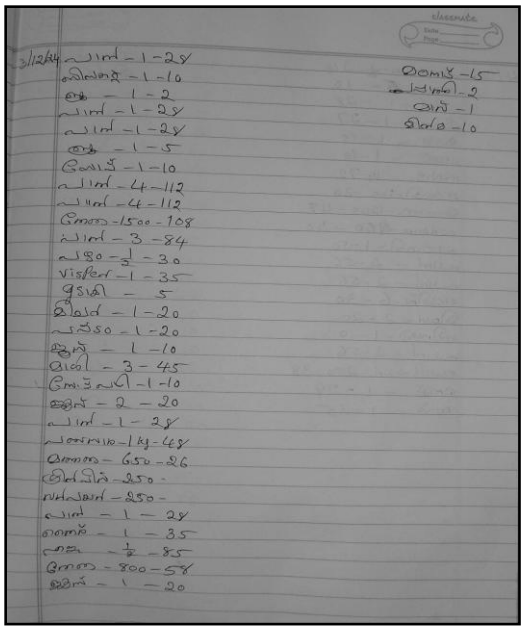


Image 1 - Noncredit Customer Sales Data

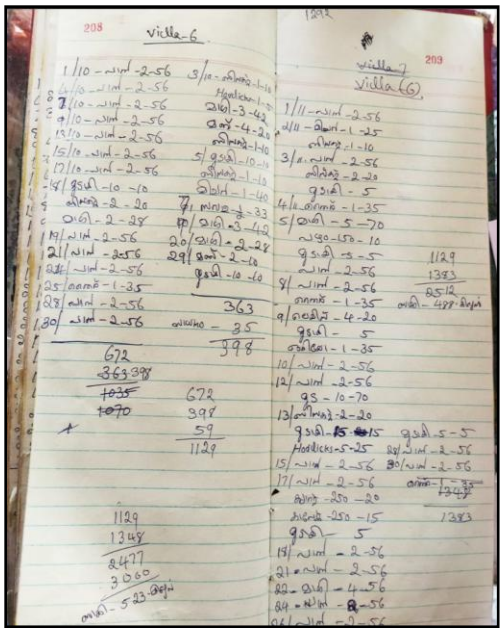


Image 2 - Credit Customer Sales Data

The data was transferred to Google Sheets, with columns for Item Name, Quantity, Selling Price, Amount, Category, Date, Day, Customer, Payment Mode, Month No, Cost Price, Profit, and Margin (%).

No	Date	Day	Month no.	Item name	Category	Selling price	Quantity	Amount	Cost Price	Profit(Rs.)	margin(%)	Customer	Payment mode
1	09/17/2024	Tuesday	1	tea powder	Beverages	10	1	10	8.10	1.90	19.00	Random	Non Credit
2	09/17/2024	Tuesday	1	ponds powder	Hygiene and Cleaning Products	10	1	10	7.84	2.16	21.60	Random	Non Credit
3	09/17/2024	Tuesday	1	egg	Dairy	7	6	42	6.00	6.00	14.29	Random	Non Credit
4	09/17/2024	Tuesday	1	milk	Dairy	28	4	112	26.00	8.00	7.14	Random	Non Credit
5	09/17/2024	Tuesday	1	peanut pkt	Snacks and Confectionery	10	2	20	6.25	7.50	37.50	Random	Non Credit
6	09/17/2024	Tuesday	1	milk	Dairy	28	2	56	26.00	4.00	7.14	Villa 3	Credit
7	09/17/2024	Tuesday	1	milk	Dairy	28	1	28	26.00	2.00	7.14	Villa 5	Credit
8	09/17/2024	Tuesday	1	onion	Vegetables	66	0.35	23.1	55.00	3.85	16.67	Villa 5	Credit
9	09/17/2024	Tuesday	1	chapati	Instant Food	50	1	50	40.00	10.00	20.00	Villa 7	Credit
10	09/17/2024	Tuesday	1	egg	Dairy	7	6	42	6.00	6.00	14.29	Villa 7	Credit

Image 3 - Structured Sales Data

Column descriptions:

1. No: Sequential numbering for each item row
2. Date: Date of transaction, shown in MM/DD/YYYY format
3. Day: Day of the week

4. Month No: Dividing the days into three months where Month 1 is from September 17 to October 16, Month 2 from October 17 to November 16, and Month 3 from November 17 to December 17.
5. Item name: Name of the product or item being purchased/listed
6. Category: The store's 128 items grouped into 10 categories
7. Selling price: Price per unit in Indian Rupees
8. Quantity: Number of units for each item
9. Amount: Total transaction value (Quantity × Selling price) in Indian Rupees
10. Cost Price: Purchase cost per unit in Indian Rupees
11. Profit(Rs): Profit per transaction is calculated as the profit per item multiplied by the quantity, using the formula: (Selling price - Cost price) × Quantity
12. Margin(%): Profit margin percentage represents the ratio of profit to revenue, expressed as a percentage, indicating how much profit a business earns for every rupee of sales after expenses = (Selling price - Cost price / Selling price)×100
13. Customer: Name identifiers for credit and "Random" for non-credit customers.
14. Payment Mode: Customer payment methods are classified into Credit, where payments are paid upfront, and Non-Credit, with monthly-end payments.

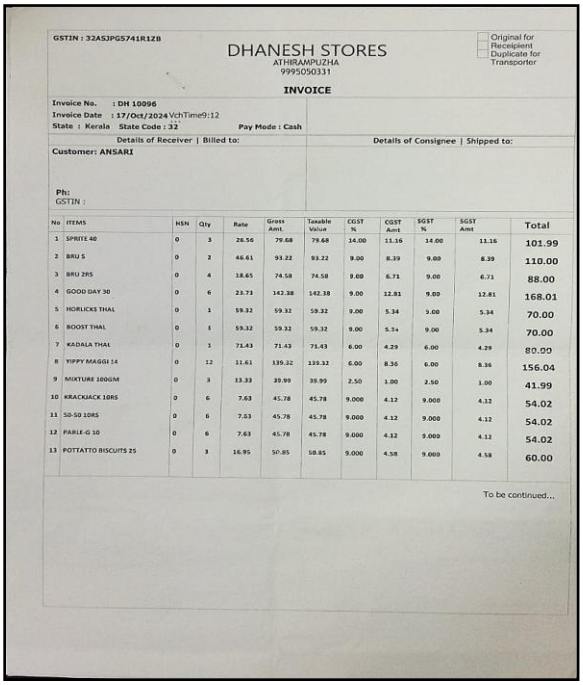
The columns Item Name, Category, Date, Day, Customer, Payment Mode, and Month No contain categorical values, whereas Quantity, Selling Price, Amount, and the computed columns for Cost Price, Profit, and Margin (%) from purchase data are numerical.

ii) Purchase Data:

The purchase data was mainly collected to determine the cost price of each item for profit analysis and has been merged with the sales data structured in Google Sheets.

The purchase bill for long-term storage products was bought once every two weeks from a wholesale store named Dhanesh Stores. The list of other products, such as vegetables, were purchased every two weeks but do not have a bill; instead, they are recorded on a handwritten list in Malayalam from the market vendors. Daily purchased items such as milk, curd chapati, batter, soda, water, eggs, etc., are noted in the sales data book each day.

The originally received data only contains: Date, Item Name, Rate, Quantity, and Amount



GSTIN : 32ASJPG5741R1ZB

DHANESH STORES
ATHIRAMPUZHA
9995090331

Original for Receipient
Duplicate for Transporter

INVOICE

Invoice No. : DH 10096
Invoice Date : 17/Oct/2024 VchTime9:12
State : Kerala State Code : 32 Pay Mode : Cash

Details of Receiver | Billed to: Details of Consignee | Shipped to:

Customer: ANSARI

Ph:
GSTIN :

No	ITEMS	HSN	Qty	Rate	Gross Amt.	Taxable Value	CGST %	CGST Amt	SGST %	SGST Amt	Total
1	SPRITE 40	0	3	26.56	79.68	79.68	14.00	11.16	14.00	11.16	101.99
2	BRU S	0	2	46.61	93.22	93.22	9.00	8.39	9.00	8.39	110.00
3	BRU 2RS	0	4	18.65	74.58	74.58	9.00	6.71	9.00	6.71	88.00
4	GOOD DAY 30	0	6	23.73	142.38	142.38	9.00	12.81	9.00	12.81	168.01
5	HORLICKS THAL	0	1	59.32	59.32	59.32	9.00	5.34	9.00	5.34	70.00
6	BOOST THAL	0	1	59.32	59.32	59.32	9.00	5.34	9.00	5.34	70.00
7	KADALA THAL	0	1	71.43	71.43	71.43	6.00	4.29	6.00	4.29	80.00
8	YIPPY MAGGI 14	0	12	11.61	139.32	139.32	6.00	8.36	6.00	8.36	156.04
9	MIXTURE 100GM	0	3	13.33	39.99	39.99	2.50	1.00	2.50	1.00	41.99
10	KRACKJACK 10RS	0	6	7.63	45.78	45.78	9.000	4.12	9.000	4.12	54.02
11	50-50 10RS	0	6	7.63	45.78	45.78	9.000	4.12	9.000	4.12	54.02
12	PARLE-G 10	0	6	7.63	45.78	45.78	9.000	4.12	9.000	4.12	54.02
13	POTTATTO BISCUITS 25	0	3	16.95	50.85	50.85	9.000	4.58	9.000	4.58	60.00

To be continued...

Image 4 - Dhanesh Store Purchase Bill

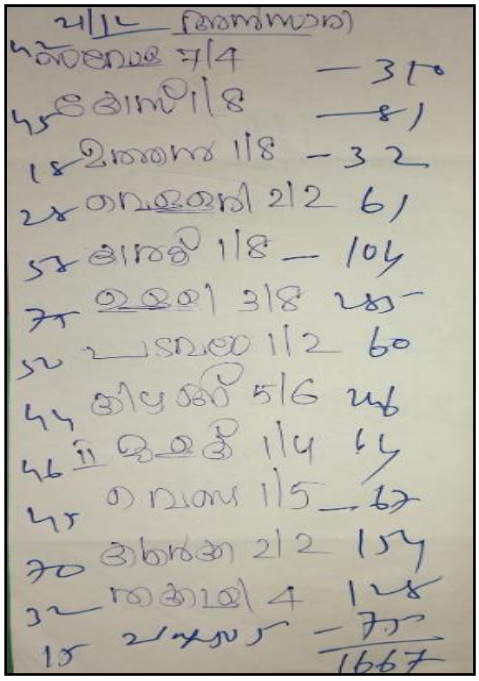


Image 5-Purchased Vegetable List

The data was then transferred to Google Sheets with columns for Date, Item Name, Category, Cost Price, Quantity, and Amount.

No	Date	Item name	Category	Cost Price	Quantity	Amount
1	09/13/2024	atta	Flour and Grains	51.70	5	305.03
2	09/13/2024	coriander powder	Spices and Masalas	14.29	10	150.00
3	09/13/2024	chilly powder	Spices and Masalas	16.67	10	175.00
4	09/13/2024	rice powder	Flour and Grains	21.43	6	144.01
5	09/13/2024	turmeric powder	Spices and Masalas	28.10	5	147.53
6	09/13/2024	kashmiri chilly powder	Spices and Masalas	47.62	5	250.00
7	09/13/2024	ujala	Cleaning Products	41.53	4	196.02
8	09/13/2024	surf excel 500g	Cleaning Products	71.19	2	168.01
9	09/13/2024	meat masala	Spices and Masalas	40.95	5	214.99
10	09/13/2024	kannan devan 10	Beverages	8.10	10	85.05

Image 6 - Structured Purchase Data

Column descriptions :

1. No: Sequential numbering for each item row
2. Date: Date of purchase, shown in MM/DD/YYYY format
3. Item name: Name of the product or item being purchased/listed
4. Category: The store's 128 items grouped into 10 categories
5. Quantity: Number of units for each item
6. Cost Price: Price per unit in Indian Rupees
7. Amount: Total cost (Quantity × Rate) in Indian Rupees

Access visual images and additional data about Kochuparambil Stores in the link below:

https://drive.google.com/drive/folders/1HJZLDO0Y2N1HD_YR_ucIw2dnZ4kUhKQD?usp=drive_link

2.2) Analysis Process:

i. The analysis process was mostly done using Power BI Desktop. The dropdown feature was primarily used, with a few additional measures created to enhance the analysis, making it more efficient as complex formulas were generally not required. Additionally, a few graphs have been created in Excel for a detailed analysis of the filtered data.

ii. To illustrate the analyses on customer distributions based on payment type, revenue contributions of credit customers, and sales distributions of dairy products, pie charts were utilized. A line chart was applied to express the daily sales revenue trend, suggesting the variability with time. Bar charts were also used to compare revenues of various time frames (monthly and day-wise) and analyze the profitability and average sales per day of different product categories, maximizing financial performance analysis while highlighting each product's profitability and sales patterns.

iii. Dairy products contribute significantly to total revenue due to their high sales volume despite having the highest purchase cost and relatively low profit margins. Also, it is observed that 20% of the total products in the store make up 84% of the total revenue.

iv. There is currently no optimal inventory management in place, as the owner focuses solely on sales while purchases are handled by her husband, with no analysis or inventory management plans being discussed; hence, these are excluded from the analysis.

v. The presence of multiple Kirana shops in the area and a new supermarket nearby contributed to the reduced revenue at the shop. These competitors attract customers with their variety or convenience, making it essential for the shop to offer unique value or services to stand out.

vi. There was a one-week gap in restocking products, leaving empty shelves in the front. Biscuits and snacks were unable to be restocked due to a lack of capital, which is caused by high liabilities. The shop's revenue tends to fluctuate, with noticeable increases observed primarily during festive seasons.

vii. The shop is in a town area, with a housing colony (Sunshine Villas) situated directly opposite it. The colony consists of 19 houses, out of which payments on credit are made by 6 families, while the others rarely visit the shop.

viii. The **average sales per day** is calculated to determine the rate at which a product is sold over time. For finding the top fast-selling and slow-selling products, the average sales per day of each item and their total sales have been added as new measures in Power BI using the formulae below:

a. Aggregates the total amount of sales for each product

Total Sales= SUM('sales'[Quantity])

b. Divide total sales by the number of distinct days a product was sold to calculate the average sales per day:

Average sales per day= DIVIDE([Total Sales], 90)

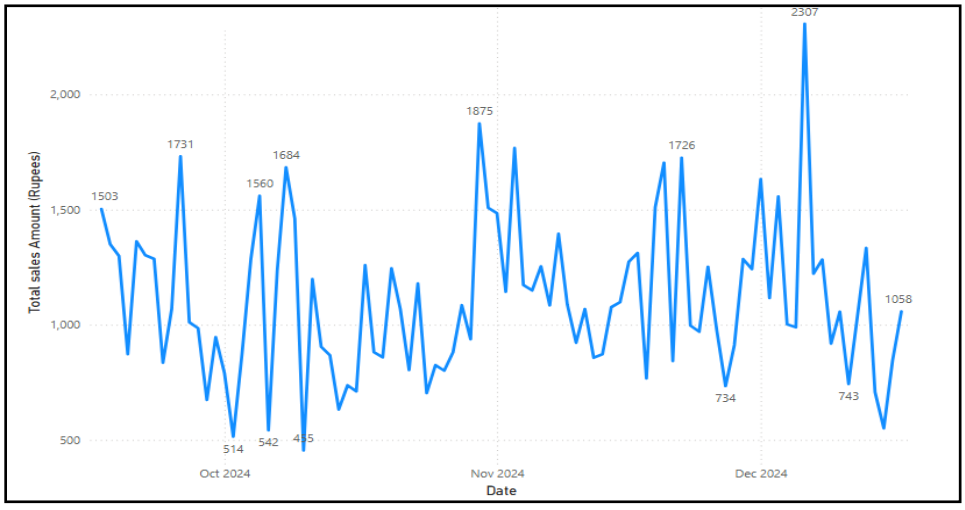
This accounts for variations in selling time and provides a normalized metric for comparison.

3) RESULTS AND FINDINGS

This section presents key findings and insights derived from the analysis, covering revenue trends, customer behavior, product performance, profitability, and competitive positioning.

3.1) REVENUE ANALYSIS:

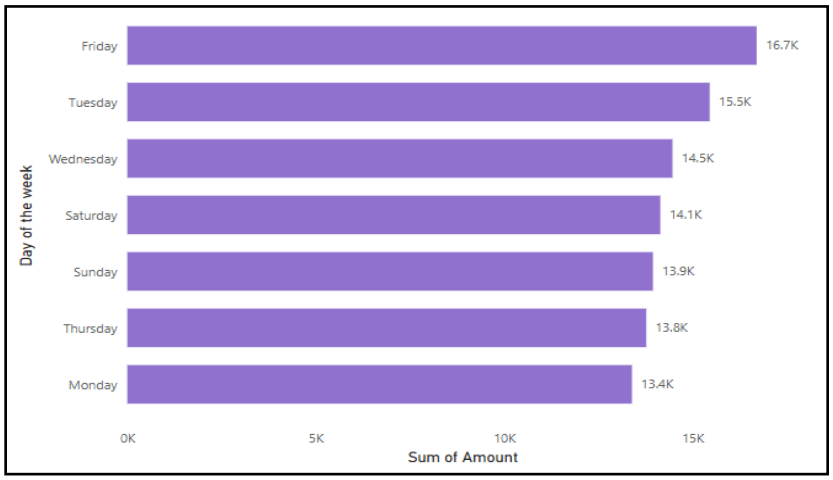
i. <u>The Daily Revenue Trend</u>



Graph 1 – Line Graph for Daily Revenue Trend

Graph 1 indicates that the sales revenue shows high variability, with notable spikes in November and December, likely due to festive demand or special events. Revenue drops on certain days may reflect working days or slower sales periods.

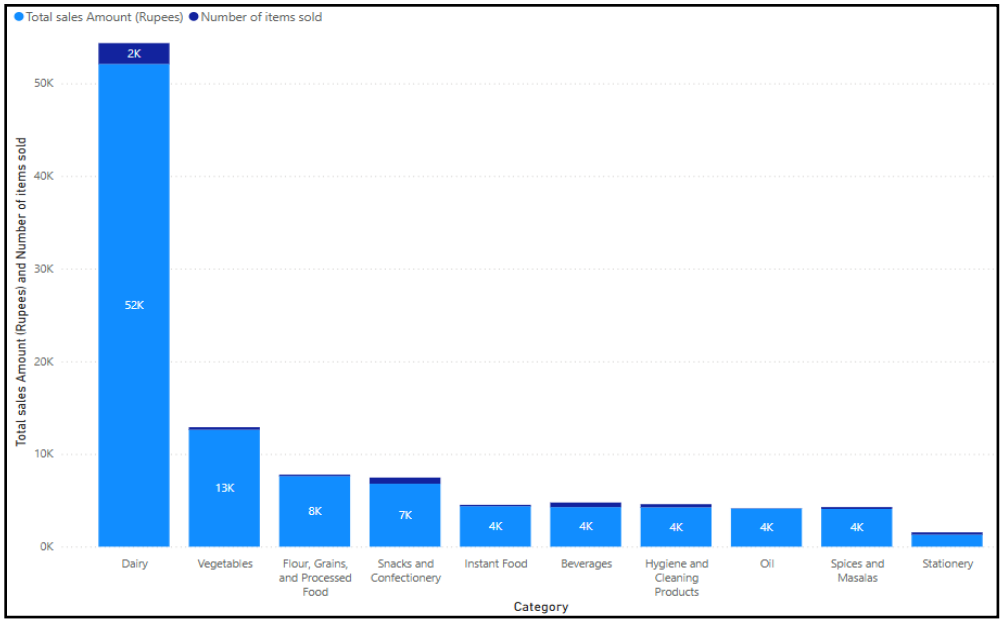
ii. Sales in Different Days of a Week:



Graph 2 – Sales in Different Days of a Week

Graph 2 showcases that the store has relatively high sales on Fridays, with sales of Rs. 16,558 (16% of total sales across three months). Monday has the lowest sales at Rs. 13,203 (13% of total sales across three months). The total revenue is Rs. 1,01,883, and the average sales across all days is Rs. 14,479.

iii. Category-Wise Analysis of Total Sales and Number of Items Sold:

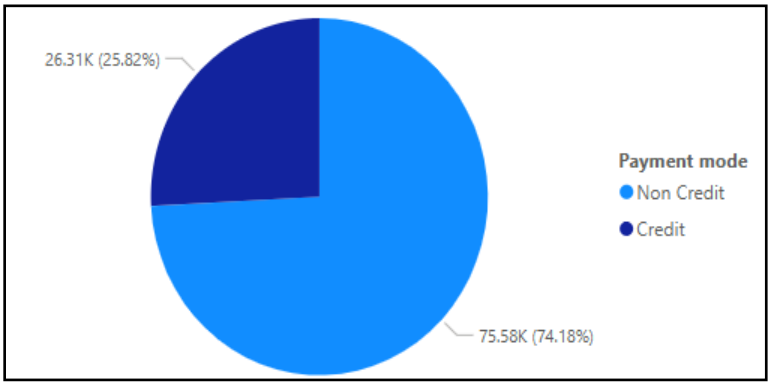


Graph 3 – Category-Wise Analysis of Total Sales and Number of Items Sold

Graph 3 indicates that Dairy products have the highest sales revenue of over 51% of the revenue (Rs. 52,491) and the highest number of items sold (2000 items), indicating strong demand and market preference. Vegetables rank second in total sales (over Rs.13,000), showing a steady demand, though significantly lower than Dairy. Stationery has the lowest sales, contributing only a small fraction of revenue (Rs. 1,295), suggesting low demand. The other categories suggest a consistent but not exceptional demand.

3.2) CUSTOMER ANALYSIS

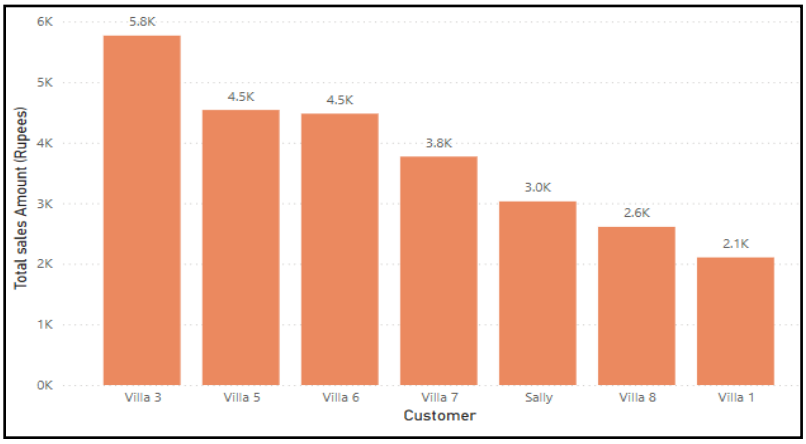
i. Credit vs Non-Credit Customer Revenue:



Graph 4 – Credit vs Non-Credit Customer Revenue

Graph 4 compares the revenue of credit and non-credit customers and shows that the customers on credit contribute more than 25% (Rs. 26307) of the total revenue.

ii. Credit Customer Revenue Distribution :

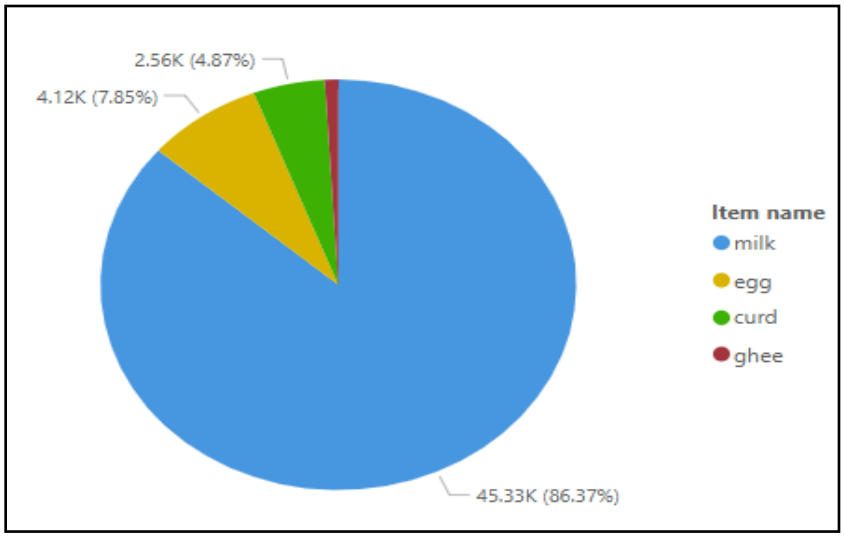


Graph 5 – Credit Customer Revenue Distribution

Graph 5 reveals that Villa 3, Villa 5, and Villa 6 contribute more compared to the other customers. Building a strong relationship with these customers can help contribute more to the revenue and improve customer satisfaction and stability in demand.

3.3) DETAILED PRODUCT ANALYSIS

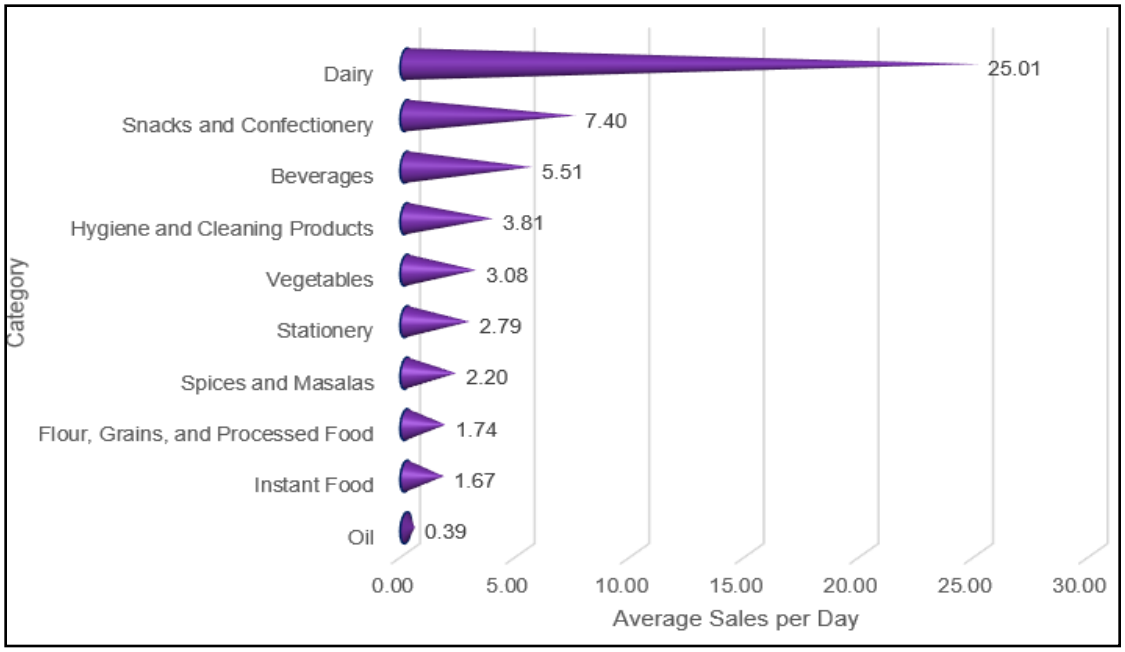
i. Detailed Analysis of Dairy Products:



Graph 6 - Detailed Analysis of Dairy Products

Graph 6 reveals that about 86% of the products in the Dairy category is milk. Dairy products contribute more than 50% of the revenue in the store, hence, the product with the highest sales of Rs.45,330 in the store is milk.

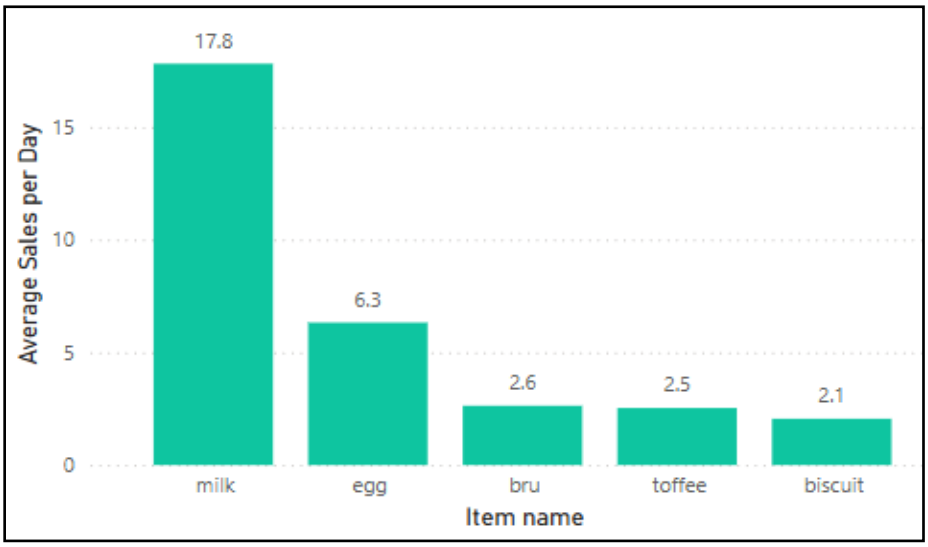
ii. Category-Wise Average Sales per Day :



Graph 7 - Category-Wise Average Sales per Day

Graph 7 reveals that Oil and Instant Food category items are sold at the lowest speed, whereas Dairy and Vegetable items are sold quickly and generate high revenue within a specific period.

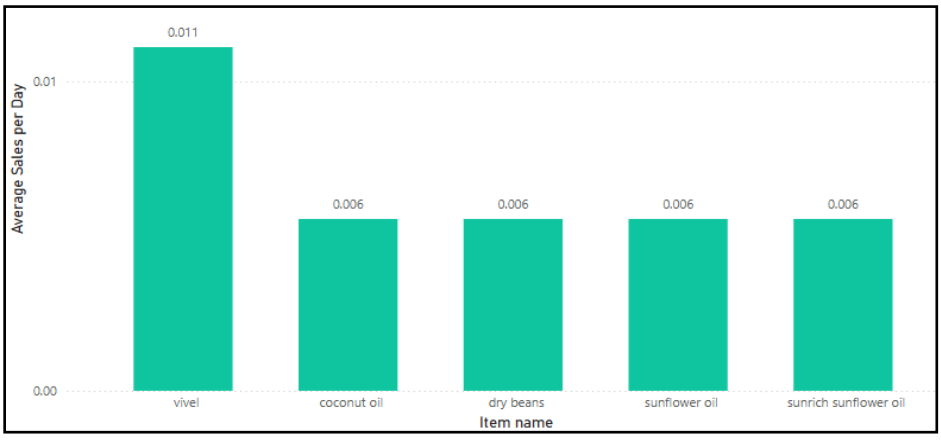
iii. Top Fast-Selling Products:



Graph 8 - Top Fast-Selling Products

Graph 8 indicates that milk is the fastest-selling product, with an average daily sale of 17.8 units over the specified period. Rice follows as the second fastest-selling item, with an average of 6.3 units sold per day.

iv. Top Slow-Selling Products:

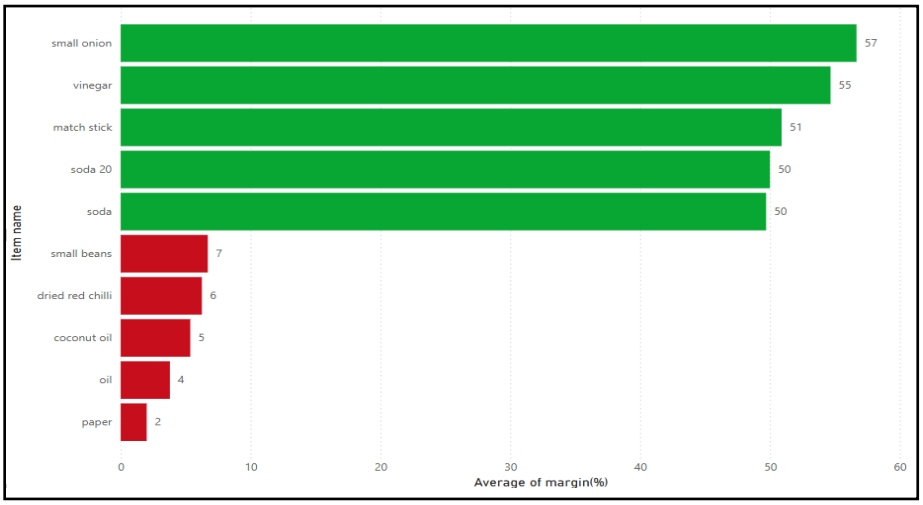


Graph 9 - Top Slow-Selling Products

Graph 9 reveals that the slowest-selling products have an average range of 0.006 to 0.01 units sold per day over the three months, which is a significantly low value.

3.4) PROFIT ANALYSIS

i. Highest vs Lowest Profit Margin Graph:



Graph 10 - Highest vs Lowest Profit Margin Graph

Graph 10 illustrates the highest and lowest profit margins among products in the shop. The top five items with the highest margins, shown in green, include small onions, vinegar, matchsticks, soda 20, and soda. These are the only products in the shop with a profit margin above 50%. On the other hand, the lowest-margin items, highlighted in red, have margins below 10%, with paper having the lowest at just 2%. With an overall average profit margin of 23.6%, it is evident that many products in the shop generate relatively low profits.

ii. Profit margin analysis of the Fast Selling and Slow Selling Products:

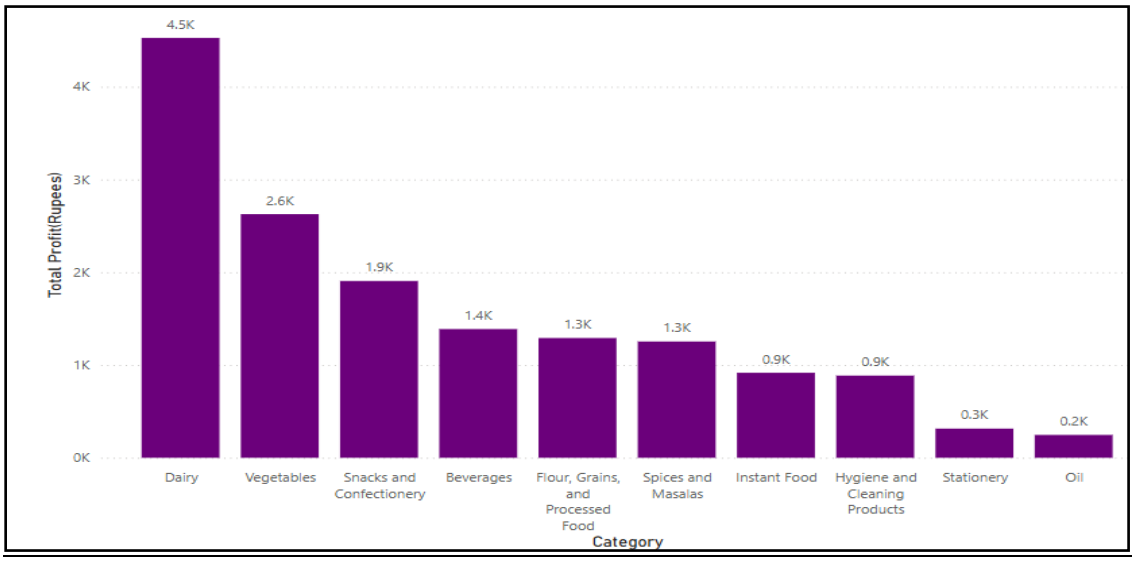
Item Name	Selling Category	Average Profit Margin (%)
Milk	Fast-Selling	7.19
Egg	Fast-Selling	15.14
Bru	Fast-Selling	33.67
Toffee	Fast-Selling	9.68
Biscuit	Fast-Selling	29.23
Vivel	Slow-Selling	32.20
Dry Beans	Slow-Selling	7.14
Sunflower Oil	Slow-Selling	12.50
Sunrich Sunflower Oil	Slow-Selling	12.50
Coconut Oil	Slow-Selling	5.36

Image 7 - Profit margin analysis of the Fast Selling and Slow Selling Products

High-Sales, Low-Profit Products like Milk and Toffee experience high sales volume but yield relatively low profit margins. Their profitability relies on large-scale sales rather than high per-unit earnings. Products like Bru and Biscuit with High-Sales and High-Profit have

high demand and offer substantial profit margins, making them optimal for maximizing overall revenue. Low-Sales, High-Profit Products like Vivel have a significant profit margin (32.2%) but suffer from low sales. Low-Sales, Low-Profit Products such as Coconut Oil and Dry Beans exhibit both low sales and low profit margins, making them the least profitable products for the business.

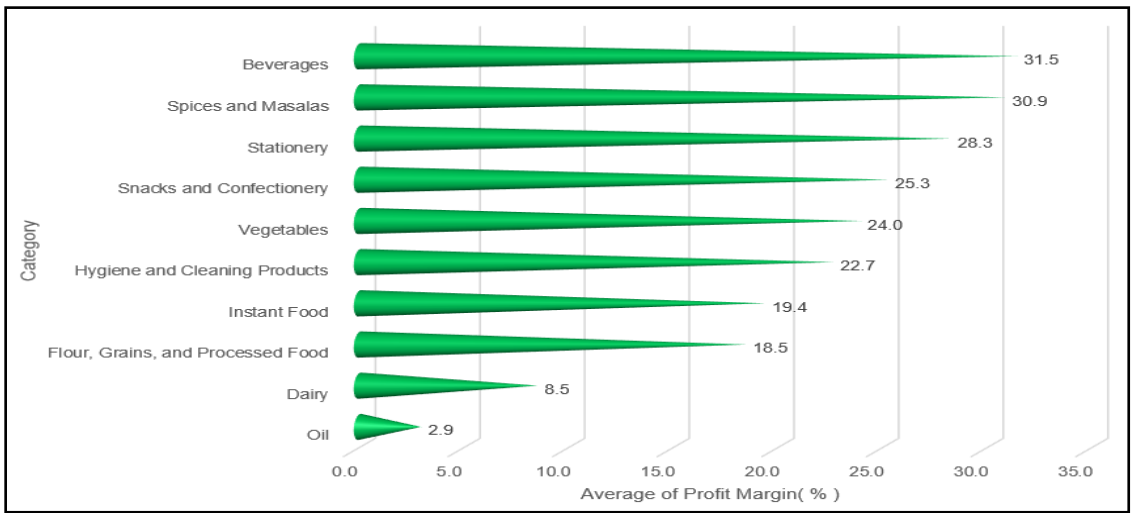
iii. Category-Wise Profit Contribution:



Graph 11 - Category-Wise Profit Contribution

Graph 11 shows that dairy contributes the most profit to the shop. From the previous graphs, it can be observed that the high profit contribution is due to its high sales volume.

iv. Category-Wise Average Margin Comparison:



Graph 12 - Category-Wise Average Margin Comparison

Graph 12 indicates that beverages have the highest profit margin (31.5%) among all categories. Although beverage products contribute less revenue than dairy products, they have a significantly higher profit margin, whereas dairy products generate the highest revenue but with a much lower profit margin(8.5%).

3.5) COMPETITOR ANALYSIS

Competitor analysis was conducted by approaching two of the nearest neighboring Kirana shop owners. Products were purchased on three different days over two weeks to observe their operations. During mid-afternoon hours, when the shops were less crowded, questions were asked about their high-demand items, dead stock, challenges faced, delivery services, and the length of time they had been in business.

Image 8 - Matha Stores (Shop 1)

Image 9 - KK Stores (Shop 2)

Image 10 - Location of Kochuparambil Stores and its two closest competitors

After conducting competitor analysis and personally interacting with 2 neighboring shop owners, a comprehensive SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis for the shop has been created:

Strengths**:**

i. Diverse Product Range in High-Demand Categories: The shop offers a variety of snacks, toiletries, brewing powders, and carbonated drinks, which sets it apart from competitors.
ii. Fast-Moving Products: High turnover items like milk, rice, and oil are not old stock or overstocked as they are purchased in moderate quantities.
iii. Visible Stock of Snacks: Biscuits and snacks are placed in front, visible to potential customers, ensuring visibility and faster sales, and are always sold out within 2-3 weeks of purchase.
iv. Reliable Milk Supply: Unlike competitors, the shop always has milk in stock, as it is purchased daily, which gives an edge in fulfilling customer needs consistently.
v. Home Delivery Service: Home delivery is offered for frequent customers and neighbors, providing added convenience.
vi. Soft drinks: Offering juice, carbonated drinks, and ice pops boosts demand, especially in summer, as customers always want it.

Weaknesses**:**

i. Dependence on Regular Customers: Home delivery services and customer loyalty might limit growth beyond a specific neighborhood or customer base.
ii. Limited Demand for Certain Product Categories: Although a variety of items are offered, there is still a reliance on fast-moving products like biscuits and dairy, which might not be favored by all customers.
iii. Limited Market for Fresh Chicken: Unlike Shop 1, the shop doesn't focus on or have any access to fresh chicken or locally sourced products, which could be a missed opportunity.
iv. Not Noted for Specialty Items: Shop 1 has an edge with its farm products, and Shop 2 is known for its banana and cleaning product varieties, while the shop doesn't have a notable specialty outside of dairy, snacks, and drinks.
v. Lack of visibility of dairy products: Even though milk is the highest-selling product, it is not visible to new customers as it is stored inside a fridge kept inside the store.

Opportunities:

i. Expansion into Specialty Products: Consider expanding into fresh farm products like chicken, similar to Shop 1, and diversifying the fruit offerings like Shop 2 with fresher bananas.
ii. Increased Home Delivery: Expanding home delivery services to a wider customer base, not just the regular neighbors, could help grow sales.
iii. Increased Visibility of Niche Products: Expanding the visibility of other products, such as flour, toiletries, and juice, could help boost sales and attract new customers.
iv. Community Engagement: Build deeper relationships with local customers through promotions, events, or loyalty programs.
v. Expanding Product Lines: Consider adding a wider variety of snacks, spices, or other household items that are not offered by the competitors.

Threats:

i. Competition from Shop 1's Fresh Products: Shop 1's focus on fresh farm products (chicken, eggs) could attract customers who prioritize local, farm-fresh items. If Shop 1 also expands into dairy products, which is a key revenue contributor to the store, it could affect the overall sales.
ii. Price Competition: If competitors offer competitive pricing strategies, it could affect the shop's profitability.
iii. Less Recognition: Shop 1 has around four banners in the locality advertising fresh chicken and egg delivery, including their contact number.
iv. Customer Loyalty Shifts: If competitors start offering home delivery or increasing the range of products (e.g., milk and snacks), they could capture some of the shop's loyal customer base. If products like biscuits and snacks continue to stay out of stock for a longer time, loyal customers might just opt for another shop.

This SWOT analysis highlights the shop's strengths in variety and product freshness while suggesting areas for growth in expanding product offerings and delivery services. Competitors' focus on fresh farm products and bulk household supplies provide both challenges and opportunities for differentiation.

INTERPRETATION OF RESULTS AND RECOMMENDATION

4.1) Inventory Management and Optimization

i. Focus on High-Margin Products with Demand: While small onions have the highest profit margin but low demand and tend to have a short shelf life, it's better to prioritize products like sodas, which rank among the top 5 high-margin items and have consistent demand. Increasing the stock and visibility of sodas can improve both sales volume and overall profitability.

ii. Real-Time Tracking: Implement tools like Excel or any specialized software to track inventory in real time. Tracking the purchase and sales of each item using barcodes or serial codes can help monitor purchase frequency and demand patterns to minimize stockouts and avoid overstocking.

iii. Sales Analysis: Regularly analyze sales data to identify fast-moving products and adjust inventory planning accordingly. Focus on products with consistent demand, such as dairy and beverages (soda). Discuss and analyze the sales of the past days and plan well before restocking items accordingly.

iv. Optimizing Slow-Moving Inventory with Strategic Promotions: Reposition slow-moving items as seasonal offers or pair them with top-selling items in value packs (e.g., "Buy 1, Get 1 Free" offer), especially on Fridays when there are stronger sales. Negotiate with suppliers for returns or trade-offs to optimize inventory.

v. Supplier Negotiations: Work with suppliers to secure flexible payment terms, bulk discounts, or smaller, more frequent deliveries.

4.2). Financial Management and Cash Flow Improvement

i. Customer Credit Payment Adjustments: Try to shift customer payment schedules from monthly to every three weeks to improve cash flow and enable faster restocking of some high-demand products like milk and biscuits. Smaller, consistent payments help manage cash flow better, prioritizing essential items.

ii. Dairy Product Agreements: Negotiate weekly payments for dairy products to maintain a steady supply and reduce upfront costs. Bulk discounts on dairy purchases can also boost profitability. Weekly credit payments can help maintain cash flow, allowing for the timely restocking of other items. The revenue generated from selling these items during this period can then be utilized to settle the weekly dairy credit, ensuring smooth operations.

iii. Cost Management: Focus on reducing purchase expenses by sourcing cost-effective supplies and avoiding over-purchasing items that are slow-moving (stationery items) and have low-profit margins, like pulses and grains (dry beans, small beans, dried red chili).

4.3) Customer Engagement and Marketing

i. Festive and Seasonal Campaigns: Offer festive-exclusive products (e.g., firecrackers for festivals, cakes for Christmas, and banana chips for Onam). Create compelling offers tailored to seasonal demand. Focus on top-performing products and create marketing campaigns to boost sales during off-peak seasons

ii. Boosting Soda Sales Strategically: Since soda has a high profit margin, it is recommended to expand its appeal by launching a juice shop. Introducing fresh lemon juice, which has higher demand, can help attract a wider audience while strategically increasing soda sales alongside other refreshing beverages, especially during summer.

iii. Personalized Promotions: Use WhatsApp groups for frequent customers to share promotions, product updates, and delivery options. Reward loyal customers with discounts or loyalty points exclusively for them. For example, sharing exclusive festive products or offers to frequent customers on WhatsApp.

iv. Visibility of Offers: Create signboards or flyers to promote seasonal products (e.g., juices and ice pop in summer). Highlight availability and delivery services to nearby areas.

v. Delivery Services: Enhance home delivery efficiency by leveraging customer groups for direct communication and orders.

4.4) Operational Improvements and Product Diversification

i. High-Visibility Shelving: Place top-selling or bundled items in prominent locations to maximize customer interest. The best place would be the front transparent desk-like shelves right in front of the store.

ii. Expand Product Range: Introduce complementary products for Dairy products as they have the highest sales volume, such as flavored milk or dairy snacks sourced from existing suppliers to meet customer preferences and boost sales.

iii. Front Shelf Management: Prioritize stocking high-demand products to avoid empty shelves, especially snacks and biscuits on the front shelves.

iv. Supplier Partnerships: Build strong relationships with local suppliers to streamline inventory restocking and ensure cost-effective sourcing. Also, explore alternative dairy vendors to improve the margin on the highest-selling product, milk.

v. Temporarily Filling Front Shelves: Avoid leaving the front shelves empty by stocking them with other available items. This creates a positive impression for customers, ensuring the shop looks well-stocked and inviting.

4.5) Suggestions for Improvement

i. Competitive Differentiation: Offer unique or premium products and explore home delivery options to stand out among competitors.

ii. Add Quantitative Goals: Set specific metrics like reducing stock-outs by 20% or increasing fast-moving product availability to enhance the effectiveness of the strategies.

iii. Introducing Technology: Recommend low-cost inventory management tools for better tracking and analysis if Excel proves insufficient.

iv. Customer Surveys: Periodically gather feedback to identify changing preferences or emerging demands, especially for product diversification.

v. Community Engagement: Organize small events or promotions around festivals to build stronger customer relationships and boost footfall.

vi. Expand High-Demand Product Range: Introduce popular dairy products like curd, paneer, and cheese to boost sales while maintaining affordability. Similarly, replacing soda with high-margin alternatives like flavored lemon juice or buttermilk can attract health-conscious consumers and drive profitability.

By leveraging these strategies, Kochuparambil Stores can boost profitability, improve customer satisfaction, increase sales, optimize inventory management, and ensure long-term growth.