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# ANALYZING HOW SHOPS ARE DESIGNED TO MAXIMIZE PROFIT

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**Principles of Management**  
**MGT 1002**  
**Fall Semester – 2020-2021**



# **Analysing How Shops Are Designed To Maximize Profit**

Project Report submitted in partial fulfilment of the requirements for the course of  
**Principles of Management**  
**( MGT 1002 )**

by

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## DECLARATION

We hereby declare that the project entitled “**Analysing How Shops Are Designed To Maximize Profit**” submitted by us in partial fulfillment of the requirements for the course “Principles of Management-MGT1002”, is a record of bonafide work carried out by us under the course faculty of **Dr.Meenakshi Sankaran**. We further declare that the work reported in this project has not been submitted and will not be submitted, either in part or in full, for any other course of this institute or of any other institute or university.



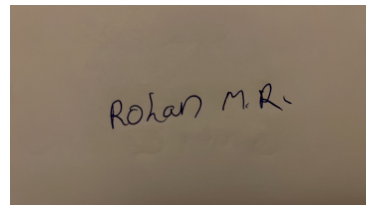
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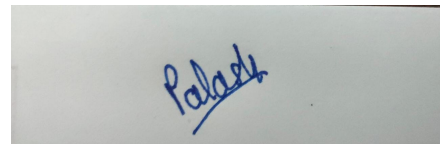
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## **CERTIFICATE**

The project report entitled “**Analysing How Shops Are Designed To Maximize Profit**” is prepared and submitted by **Akshay (20MIS1097), Harisha S (20BRS1127), Aayush Shukla (20BCE1500), Chinthamani Mohan Krishna (20BAI1269), Rohan (20MIS1130), Palash (19BCE1654)**. It has been found satisfactory in terms of scope, quality and presentation as partial fulfillment of the course “ Principles of Management-MGT1002” in VIT University, Chennai Campus,India.

**Dr. Meenakshi Sankaran**

## **DEDICATION**

We would like to dedicate this work to all aspiring students and future researchers and our Meenakshi Sankaran for giving us this opportunity which would not have been possible otherwise. This work is also inspired from our great business personality RATAN TATA. Thank you for inspiring us to do this project.

## **ACKNOWLEDGEMENT**

We would like to convey our deep appreciation to Dr. Meenakshi Sankaran for her valuable suggestions and encouragement in completion of the project.

We would like to extend our deep appreciation to each of our group members, without their support and coordination it would not have been possible to complete this project.

Last but not the least, we would like to extend our hearty regards to our parents who were supportive to us. We are grateful to all our fellow classmates and our friends for the suggestions and support given to us throughout the completion of our project.

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## ❖ **Abstract**

When it comes down to a business, especially one dealing with a shop, it is required for a proprietor to infuse tactics and strategies into their business model to see continued profits. As such, there is a need for constant innovations in the field to stand out from the crowd. This study aims to delve into the current methods which are implemented in supermarkets and compare their effectiveness. We will also be exploring the management and psychology associated with the process and determine their weightage. By the end of the project, we aim to uncover ingenious ideas which will not only help struggling owners amplify their game but also give an insight into the customer mentality.

## ❖ **Nature of the project**

Nature of our project “**Analysing how shops are designed to maximise profit**” is based on doing research and conducting surveys, and providing some valuable suggestions for shop owners. It is beneficial for both the customers and shop owners as customers can identify the tricks used by shop owners and can save some money which he/she would've spent getting trapped if it's unknown to him/her, and beneficial for shop owners who are unaware of such tricks and can earn more profit. Our Project is for each type of industry and its associated individuals as shops are part of each and every industry and individuals associated with it.

## ❖ **Importance of the project in hand**

Stores come in all shapes and sizes catering to a variety of needs. They are widely prevalent with a diverse crowd managing such establishments. The customer is any human who would buy groceries from the store. These establishments are managed by a diverse crowd who may or may not be familiar with the knacks of handling customers. Moreover the ability to make a store user-friendly and profitable at the same time is not an innate talent but something which is cultivated through experience and observation. As such, the accessibility to fundamental and appropriate tactics or strategies which help proprietors convert people into loyal customers is often questionable. So,

a comparison study conducted on the same will provide valuable insights which can help boost the store sales ultimately leading to both happy customers, owners and employees.

### ❖ **Challenges**

When taken from any random shop of the same size and utility, despite considering other factors like location it is still observed that their success rates differ. This problem can usually arise either due to lack of education or expertise or both. Most small and medium sized supermarkets which are widely prevalent across the country are managed by individual owners who don't have a relevant educational background or experience in the field. So, it's highly likely that they rely on their observation skills or inefficient methods like trial and error to figure out what works best for their customer. The process being time intensive, and the lack of awareness shared among a majority of shop owners is a hurdle we seek to overcome in the project by learning methodologies of different stores and finding the most befitting one.

### ❖ **Motivation**

In the current generation, knowledge of current happenings and analysis of data is the basis for most logical and informed decisions/ strategies. Despite technology blurring the disparities which have existed since a long time, the age of information is still not equally accessible to everyone. It becomes apparent when small shop owners in housing localities see lesser profits than supermarkets when the products they sell are the same. These differences are noticeable even between similar establishments which throws light on the lack of information access due to technology illiteracy or the related. The project aims to blur the lines again caused by the new age and enable equal and quality access to business knowledge.

### ❖ **Beneficiaries**

Tactics and strategies are based on keen observation of everyday life in addition to formal research. So every store- big or small can benefit from the unique ideas every other store comes up with. It not just grows the sales of the

company but ultimately leads to well paid employees and better work conditions. As the strategies are targeted at customers to make their shopping experience smooth and hassle free, customers also benefit from the seamless and comfortable features it offers.

### ❖ Existing system

#### 1. Why this System

The system is required because there is need to increase efficiency. There is need to improve decision making for a change and development. The management's view is to strategically improve services i.e. customer flexibility for bulk buying. This would enable the retail to cope up with the competitive environment. Having the ability to physically choose and check out what an item or product is like, would look like, and its features are the benefits of this traditional shopping system. This is why some consumers still prefer the traditional type of shopping over online shopping because for one, it allows them to meticulously check out an item.

### ❖ Proposed system

#### 1. Summary

This project tells us about the system where shops maximize profits by using certain methods and techniques. These methods are used in such a way where customers help in making profit for the market. Also analysing techniques followed by markets. Well, the products have a particular theme. The markstes keep all the eatables and fresh produce on the ground floor, the toiletries like soap, shampoo, toothpaste, etc. are on the first floor. The home essentials like plastic ware, vessels, cleaning supplies, etc are on the second floor. The gifts, toys, stationery, electronics, etc are on the third floor.

#### 2. Outline

This project explains the terms we will also come up with some ingenious and new ways to get your shop's business ahead. And also by keeping similar items next to each other so that the customers pick

both of them. The overall layout but the micro level decisions of placing products above or below or beside is upto the staff who end up stacking the products. Even though we decide, it's mostly based only on the instructions given to me by the owner. However, when there's a new product coming in, we just stack it in it's area of relevance. If it has some promotions, then we stack it in some interesting place like the front glass or in the centre.

### 3. Result

Hence the supermarkets maximize profit. The audience is the target and by these methods used by supermarket the profit of their shop increases and will make good money to them. By these techniques where markets can tell that everybody gets tempted towards the things and get attracted towards them and buy it. As a routine market make noticeable changes to the layout every month. These changes are not huge but markets do swap around the products from one shelf to another but it never leaves the floor and in such a way, the relevance of location isn't lost.

### ❖ Problem definition

In today's growing economy, there are many new shops being set up daily, thus increasing competition along the way. Thus, it becomes necessary for a proprietor to infuse tactics and strategies into their business model to see continued profits, without which their survival is difficult. Many shop owners are ignorant of ways to drive up their business.

### ❖ Study objective

**Based on the research we done there can be Five clear-cut objectives of marketing research:**

1. **To Know the Buyers:** Marketing is to do with people, product and process of transfer the spending habits of a company's consumer base. It significantly affects its overall business Understanding the different behaviors of buyer types is crucial no matter the product or service.

## **2. To Measure the Impact of Promotional Efforts:**

In modern days of changing marketing conditions, it is quite likely that a company may follow different strategies to promote their business . It is quite possible that some promotional strategies are strikingly appealing and some are total flops.

**3. To Know Market Costs and Profits:** There has been a huge problem that marketing costs have escalated to such an extent that optimisation of profit has become a big problem. Cost analysis leads to profit analysis that gives profit performance by regions, products, and customers. These findings of cost behaviour impel certain changes of adjustments in promotion, pricing and distribution.

## **4. To Master the External Forces:**

Each company needs reliable information about competitor's moves, the company's share in the market, and developments in foreign markets, governmental policies, technological changes, ecological variations, consumer incomes, consumer spending, new products substitutes and the like. These are the forces that keep on changing themselves and making the firms to change accordingly

## **5. To Design and Implement Marketing Control:**

Interior designers are an excellent resource for businesses that are interested in optimizing their space to best suit their needs, both in terms of functionality and appeal. Some of the ways interior designers can help businesses are by designing offices, creating retail spaces and designing other marketing elements through which consumers come into contact with the brand. The layout and atmosphere of a retail store strongly influences the customer experience and ultimately their purchase decisions

## ❖ Area and Scope of Proposed study ( Function and Principle)

### 1) Functions:

- o This tells the profitability of the supermarket.
- o Tactics and tricks are used to make more profit.
- o These techniques tell that supermarkets are supermarketing.
- o Attraction is the main thing which gets the market to a high level.

### 2) Principle:

To increase the profits we need tactics like planning and tricks required by the employees to get profit. Even senses attract the items in the supermarket where our eyes get attracted to the item and feel like having it and the taste, smell, which will mainly get attracted to the item. The person trying to sell has to make an appointment with the owner and come and pitch their product. Also, the owner doesn't take many pitches like that. Instead he finds suppliers for products that he thinks should be in the shop.

## ❖ Planning

There are many ways in which the owners can look for maximizing the profit few of them are:

1. Increase the price of your product  
Raising prices will enable persons to make more money on each sale, thus widening your margins and improving your bottom line
2. Be Creative with your price increase  
Consider implementing creative or psychological tactics when coming up with your prices, to make them more appealing for example one can place all the expensive chocolates or other items in front the billing counter so that when the customer waits they can see and buy it.
3. Optimize the relationship with Vendors  
Negotiating better contracts with your suppliers to reduce the costs of goods and widen your margins.

## ❖ Design

The activities and roles of the project was designed as follows:

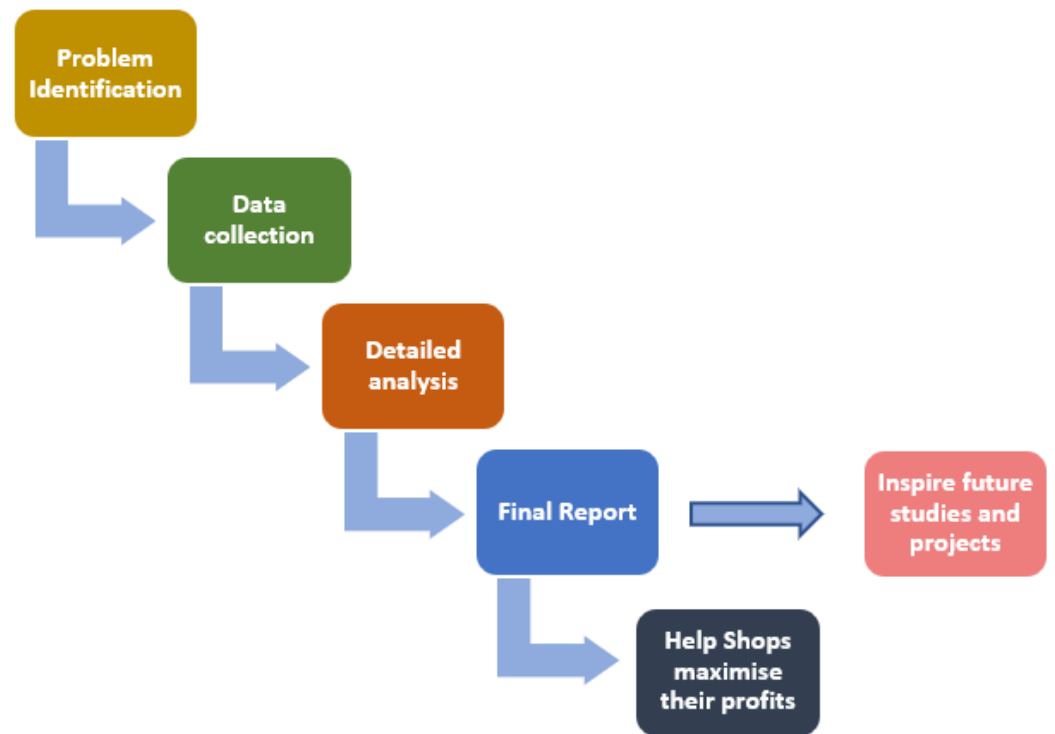


This project was designed as a research project with no technical development but with deep analysis of real life scenarios of management in shops.

### 1. Data Collection Structure



## 2. Life of this project



## 3. Entities Involved





## ❖ **Implementation**

Once our team decided the topic of our project, we started implementation of our project by deciding a specific role for each of our teammate and each teammate was assigned a certain responsibility, for example two of our members were assigned to do research work along with doing survey, two of our members did the data analysis and material generation and two of our members were project managers who looked after each individual's work, they helped member of the team if they face any difficulty and were the spokesperson for our project. So our team started by collecting data through research and by doing surveys and physically going to shops to collect information/data and then we analysed all the data collected and found out various tricks and then therefore after analysing all the meaningful data we are showcasing our work through a project report and a beautiful powerpoint presentation.

## ❖ **Suggestion**

The following are original ideas that shall prove to bring profits and/or raise the appeal of the retail store in the eyes of the customer.

### IDEA #1 - Product Review System

With just a simple app, the ultimate product review system can be implemented.

Basically, customers buy products from supermarkets and use them. Their feedback and review of the product can be registered by them on the app by simply making an entry under that product in the app.

The next time someone comes to the store, they can just scan the barcode of a product using the app (using phone camera) and get to know it's feedback and reviews right off the shelf, even before putting the item in the cart.

This technology will not just make it easy for people to get reviews before buying, but also ensure strict quality control. It also makes the store fun and interesting for some people to become regulars.

## IDEA #2 - Vocal for local

Small Kiranas and local grocery stores should not try and compete with bigger supermarkets in terms of product brands. Instead, they should promote more local brands and organic/homemade products that people can not get in super markets. This way, these small shops can have the monopoly of local products.

### ❖ **Conclusion- Palash**

In Conclusion, the aim was how can the owners of the shop be benefited from maximum profit by using tactics and physiological methods and by comparing other processes. By making the owners understand how to increase their profit we also look at the customer's point of view

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