

# **BUSINESS DEVELOPMENT MANAGEMENT**

## **FINAL SUBMISSION**



### **TITLE**

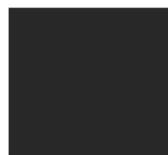
IMPROVING PROFITABILITY AND GROCERY STORE  
THROUGH SALES STRATEGIES AND INVENTORY  
OPTIMIZATION

**NAME-**

VAISHANAVI MEHTA

**ROLL NO.-**

22F3000439



# INDEX

<b>Executive Summary.....</b>	<b>2</b>
<b>Detailed Explanation of Analysis Process.....</b>	<b>3</b>
<b>Results and Findings.....</b>	<b>6</b>
<b>Interpretation of Results and Recommendation.....</b>	<b>14</b>
Home-Delivery service.....	14
Introduction of New Products.....	14
Optimizing Inventory Management.....	14
Recommendations .....	17

## EXECUTIVE SUMMARY

This final report presents the culmination of 3 months of work including data collection, cleaning and analysis, and compiling actionable insights into the operations of Tanishka Enterprises. The report addresses two critical challenges, that have hindered the growth of this, albeit small but integral organization. These challenges are as such: to revenue generation, and inventory management. Although vague at first, dedicated scrutiny reveals the causes and consequently, implementable solutions, as described in the following literature.

Firstly, introduction of home-delivery services, has shown a staggering 54.08% increase in total revenue generated through sales

Consequently, we see a 45.5% increase in total profit generated through sales.

And a notable 17.6% increase in total outward stock (combined).

We also see an additional ₹1500 generated through delivery charges alone.

The expansion onto seasonal items led to a significant ₹1713 being generated through Holi merchandise like Holi colors and water guns.

Optimizing inventory procurement through diversified suppliers will result in a 17% cost reduction.

The report concludes with a total projected increase in revenue of ₹6815.25 and an anticipated cost reduction of 17%. Recommendations are outlined for sustained growth, including leveraging a diverse workforce, enhancing online presence, continued product innovation, fostering strong supplier relationships, data-driven decision-making, customer engagement, and sustainable practices.

These findings collectively provide a blueprint for Tanishka Enterprises to enhance its financial health, operational efficiency, and market presence. The integration of data analysis and strategic implementation proves to be a pivotal asset for navigating the complexities of the modern business landscape.

## DETAILED EXPLANATION OF ANALYSIS PROCESS

Following are the problems occurred in the business and the targeted methods applied to overcome them:

1. Revenue Stagnation
2. Inventory Management

### REVENUE STAGNATION:

The first problem was that of not being able to increase profits past a certain point. This is due to 2 primary factors.

1. Limited customer base.
2. Excessive competition

### Home-Delivery Services

Recognizing the need to strengthen the customer base, the idea of providing a home delivery service was initiated as it wasn't a common practice among local stores and would be quicker than an online delivery service. To implement this, it first discussed this with the shop owner, who I knew, had a scooter, on hand we could use. I then, conducted research on the different hostels, PG's and apartment building in a certain radius that was feasible for the deliveries to be done to and realized that the majority of the student population resided in a mere  $12\pm3$  km radius, including the major college hostel of the university. The shop owner found a helper from the locality willing to carry out these deliveries. After that, armed with all the data and costs, we strategized on how we could implement the home delivery service to maximize profits.

We concluded on the following:

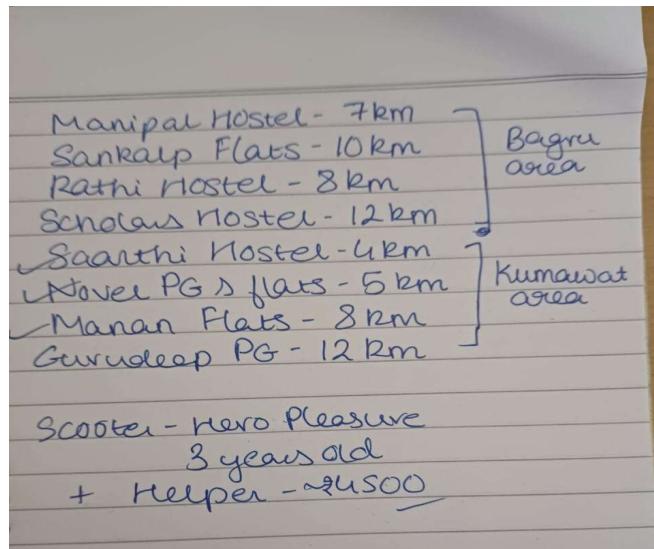
Instead of making multiple round-trips, which would be a waste of time and resources, we could offer 2 types of deliveries:

- 1) Regular free delivery: Since the radius is pretty small, we fixed 1 time slot for a delivery route at 6pm every day, except Sundays when all the ordered items would be delivered and could be collected by the students at the doorstep.

(This is important since even though the volume of individual purchases is more, the avg cost of a single order by **students** is usually less (as per the observations of the store owner) and will not compensate the additional costs)

- 2) Paid instantaneous delivery: Delivery of a single order immediately for a small fee of 40rs at a minimum order value 80rs.  
 (the avg cost of an individual purchase is about 60rs)

Based on an elementary calculation, only a minimum of 3 orders of avg cost would be required daily to offset the additional costs, which is highly feasible, and will easily be surpassed, leading to added profits.



**Image 1: Calculation on paper, as discussed during meeting with the shop owner.**

### **Introduction of New Products:**

To diversify product range and tap into additional revenue streams, I proposed the introduction of new seasonal items, considering the student customer base. This included friendship bands, flowers, Holi colors, water guns, etc.

### **INVENTORY MANAGEMENT:**

#### **Optimizing Inventory Procurement:**

Addressing the challenge of inventory management, diversifying the supplier's catalog, instead of mass procuring from one, that was located far away was suggested. I highlighted the potential cost savings and reduced dependency. By clearly demonstrating the advantages of this approach, he was willing to give it a shot, and started getting quotes from multiple vendors. We then drew up a comparison charts of different price-points quoted, factored in the distance, and divided the inventory between two vendors.

### **Offering profitable combo offers:**

It was observed that some items moved fairly quickly and had to be repeatedly restocked, while others were slow-moving and prone to overstocking, damage or expiry. Combining these items, at a consolidated price or within an offer would minimize wastage, and also regulate inventory. A ‘profitability graph’ was drawn up of the considered SKUs, combining average units sold in 4 weeks and profit per item, and drew up a list of high-profitability (HP) and low-profitability (LP) items. Based on obtained data, the following offers were implemented for a trial period.

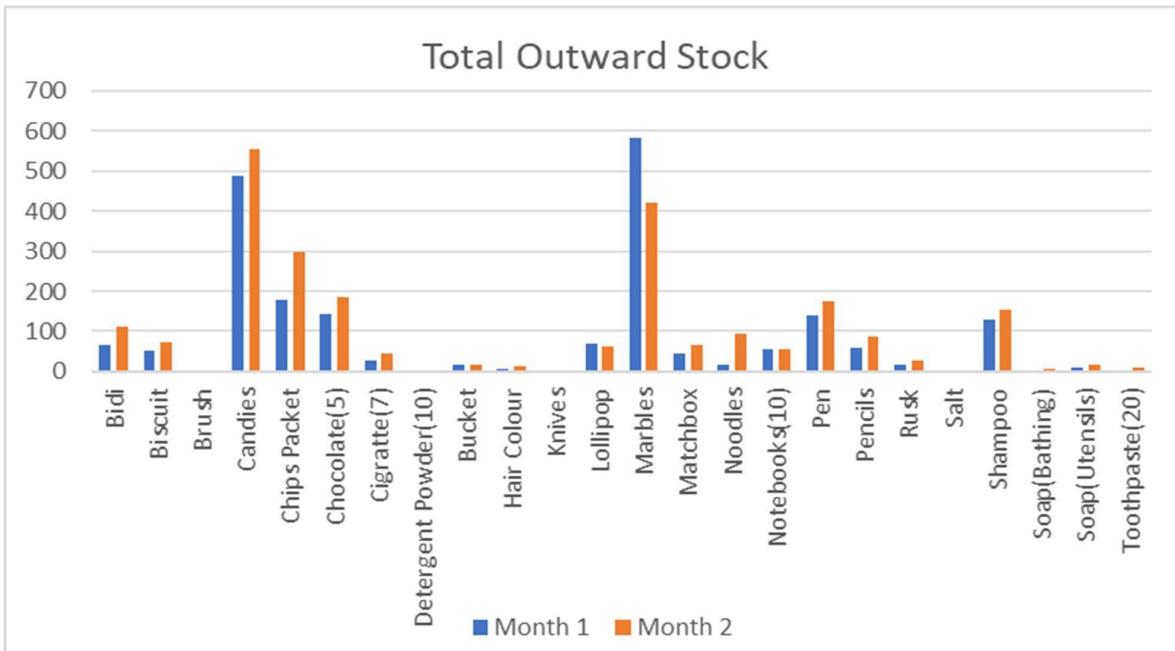
1. Notebooks (HP) and pens (LP)  
(1 Pen free at purchase of 2 notebooks.)
2. Chips(H) and Lollipop(L)  
(1 Lollipop free with 2 packets of chips)

(Pens were overstocked and had a low profit margin, and the specific brand of lollipops was nearing the expiry date)

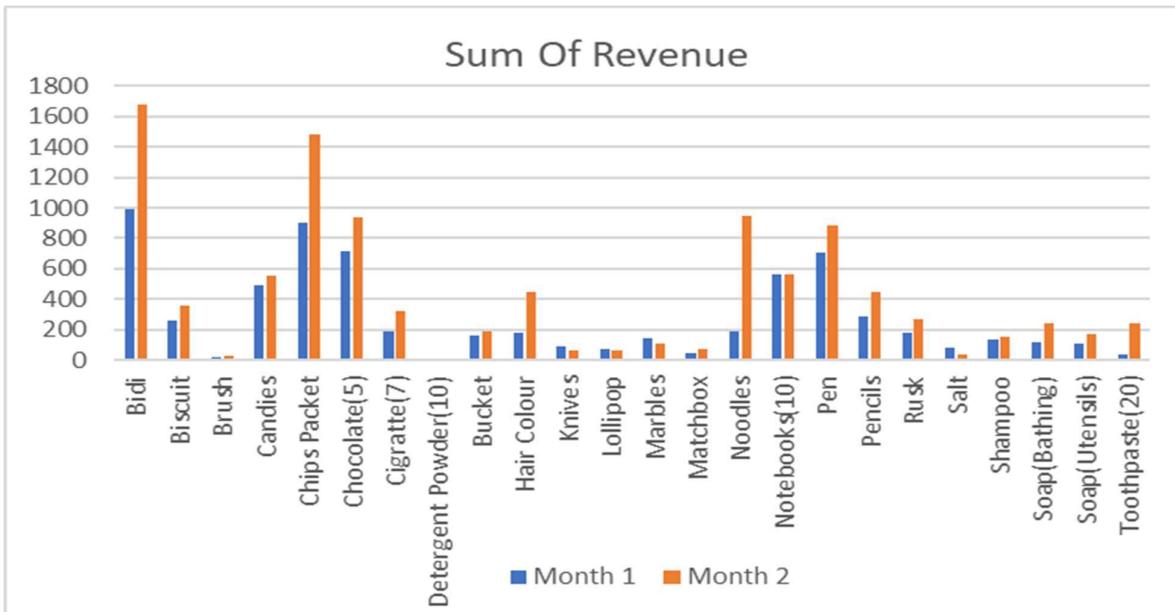
## RESULTS AND FINDINGS

The following are the results obtained, following collecting, cleaning and analyzing of data, since new strategies have been applied, for a period of one month.

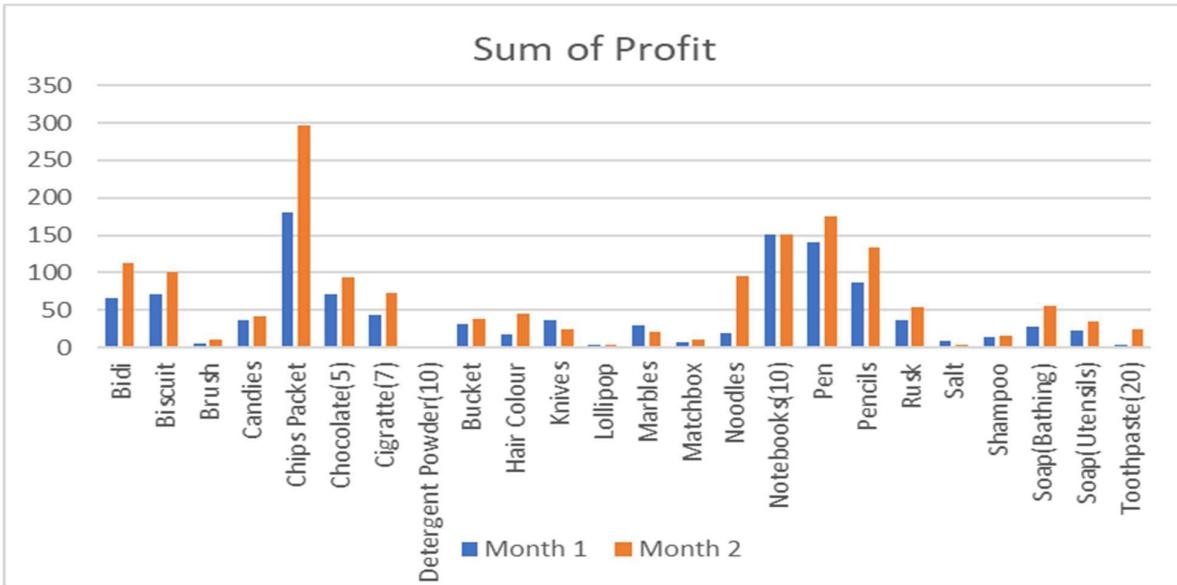
### HOME-DELIVERY SERVICES



Graph 1: A column chart depicting the item-wise difference in Total Outward stock.



Graph 2: A column chart depicting the item-wise difference in Sum of Revenue



Graph 3: A column chart depicting the item-wise difference in Sum of Profit.

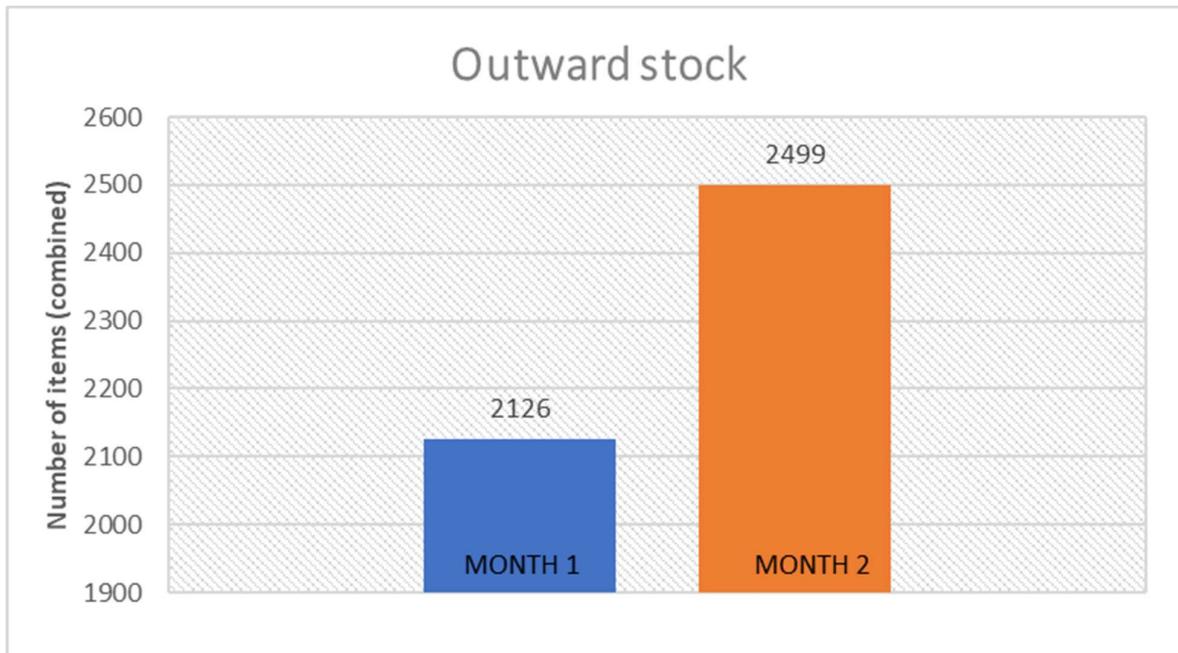
(Here, ‘Month 1’ represents data from last month before Home-Delivery Services were offered and ‘Month 2’ represents data from the first month, wherein Home-Delivery services were offered.)

From the **graphs 1, 2 and 3**, we can infer a few substantial details.

The sale of all items, with the exception of knives, lollipops (included in offer), marbles and salt, have gone up significantly, with the highest increase in the sale of **noodles at 83%** (as shown below in graph 4 and 5), closely followed by **toothpaste at 80%**.



Graph 4 and 5: Pie Charts comparing Contribution of Noodles in total Revenue in Month 1 and Month 2



**Graph 6:** Bar graph depicting Total outward stock.



**Graph 7:** A clustered column chart depicting the cumulative increase in Sum of Profit and Sum of Revenue

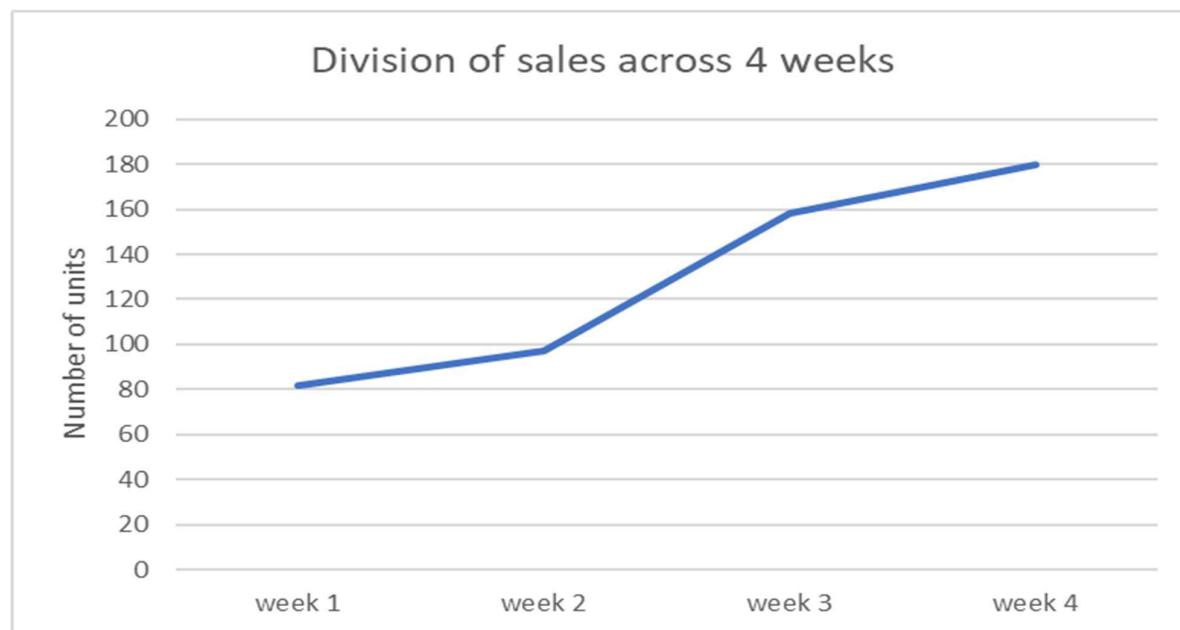
Month	Revenue	Profit
Month 1	6661.5	1110.61
Month 2	10263.75	1615.43

The graphical representations in **Graphs 6 and 7** unveil clear indications of a significant insight: the introduction of Home-Delivery services has successfully bypassed the problem of revenue stagnation.

This ingenious step, has shown a staggering **54.08% increase** in total revenue generated through sales at ₹10263.75 as compared to the previous month.

Consequently, we see a **45.5% increase** at ₹1615.43 in total profit generated through sales.

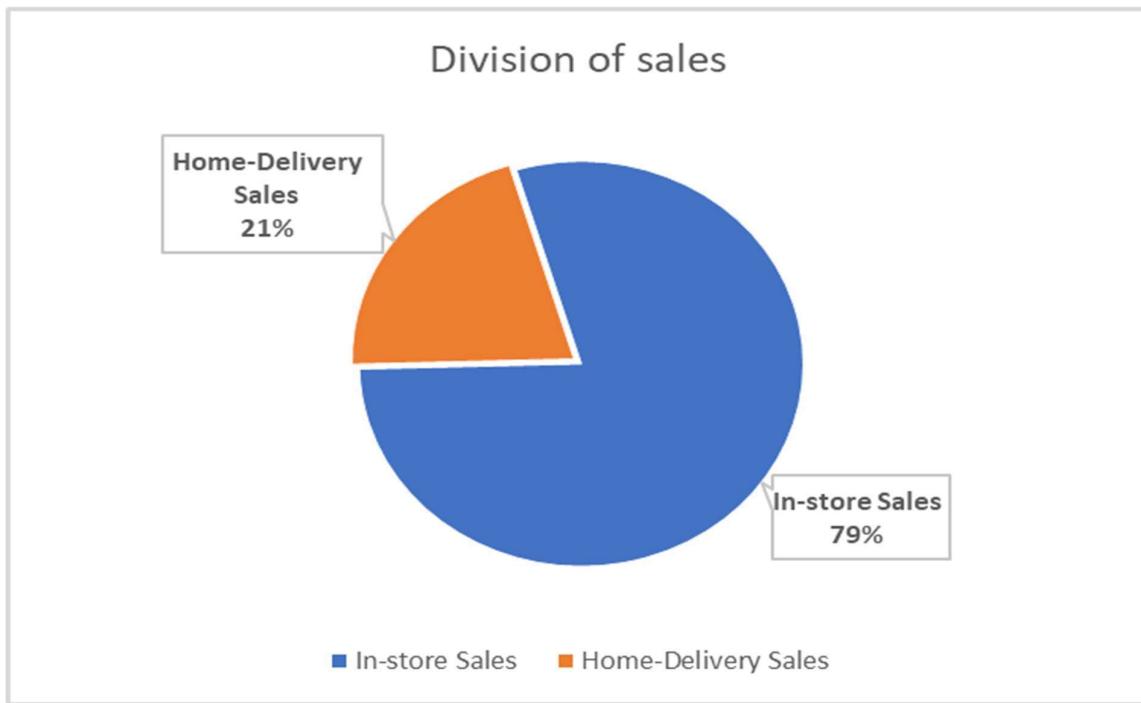
Graph 2 shows a notable **17.6% increase** in total outward stock (combined). These statistics clearly portray the merits of employing this Revenue-generating tactic.



**Graph 8: Line chart depicting the sale of units, through delivery service across 4 weeks**

Week	Number of units
week 1	82
week 2	97
week 3	158
week 4	180

Graph 8 offers a compelling argument in the favor of appropriate advertising. In week 1, the new service was only advertised by the shop keeper, to in-store customers probably followed by word-of-mouth. Seeing the need for more marketing, an eye-catching poster was designed and pasted in different places, students frequented, through the week 2. We see a spike of **62.9%** in delivery orders, following this through week 3 and 4.



**Graph 9:** Pie chart depicting the division of sales

Graphs 8 and 9, together paint an informative picture of the increase in sales. In the first month, when this service was introduced, we saw a 21% of total sales being made through the online-delivery service. This is an impressive achievement since the only mediums of advertisements were posters, and word-of-mouth. More sales can be positively expected to be diverted to home-delivery, after this service gets more popularized, in the coming months.

Furthermore, an approximate of ₹1500 were acquired through instantaneous delivery charges, which were contributed towards Delivery-service associated expenditures (the salary of the hired driver and petrol costs), and hence haven't been considered.



# TANISHKA ENTERPRISE

- MANIPAL HOSTEL
- SANKALP FLATS
- RATHI HOSTEL
- SCHOLARS HOSTEL
- SARATHI HOSTEL
- NOVEL PG & FLATS
- MANAN FLATS
- GURUDEEP PG



**FREE HOME DELIVERY @ 6PM**  
**मुफ्त होम डिलीवरी शाम 6 बजे**

NOTE:  
FOR INSTANT DELIVERY  
40 RUPEES WILL BE CHARGED

नोट: तत्काल डिलीवरी के लिए  
40 रुपये शुल्क लिया जाएगा



CONTACT US: 9831581032

SHOP NO. 13, BAGRU GAM RD, OPP. SCHOLARS HOSTEL  
BAGRU, DEHMI KALAN

Image 2: Poster made by me with the guidance of the shop owner, that was posted on the notice boards of different PGs and Hostels and outside the shop

## INTRODUCTION OF NEW PRODUCTS

Since the data is collected through the months of March, Holi was a major festival in the duration. This occasion was capitalized upon by adding temporary, seasonal items to the inventory. An assortment of Holi colors and Holi water guns were offered through weeks 1, 2 and 3.

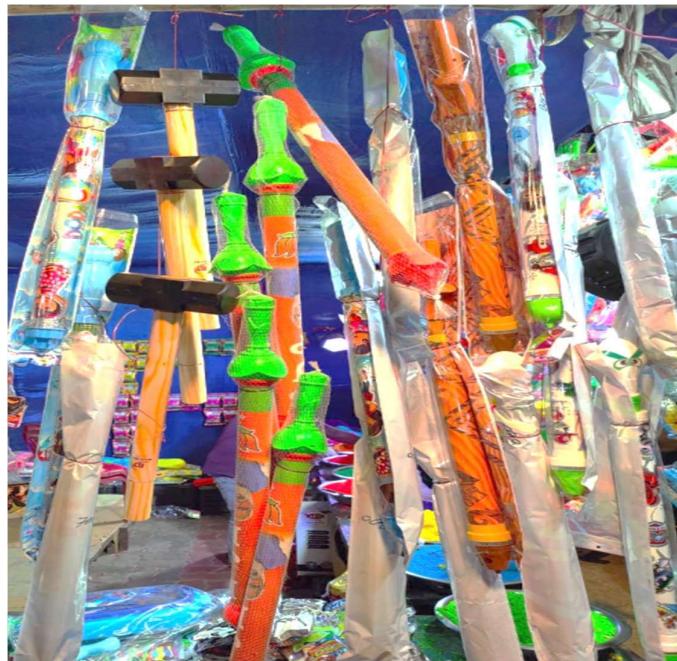


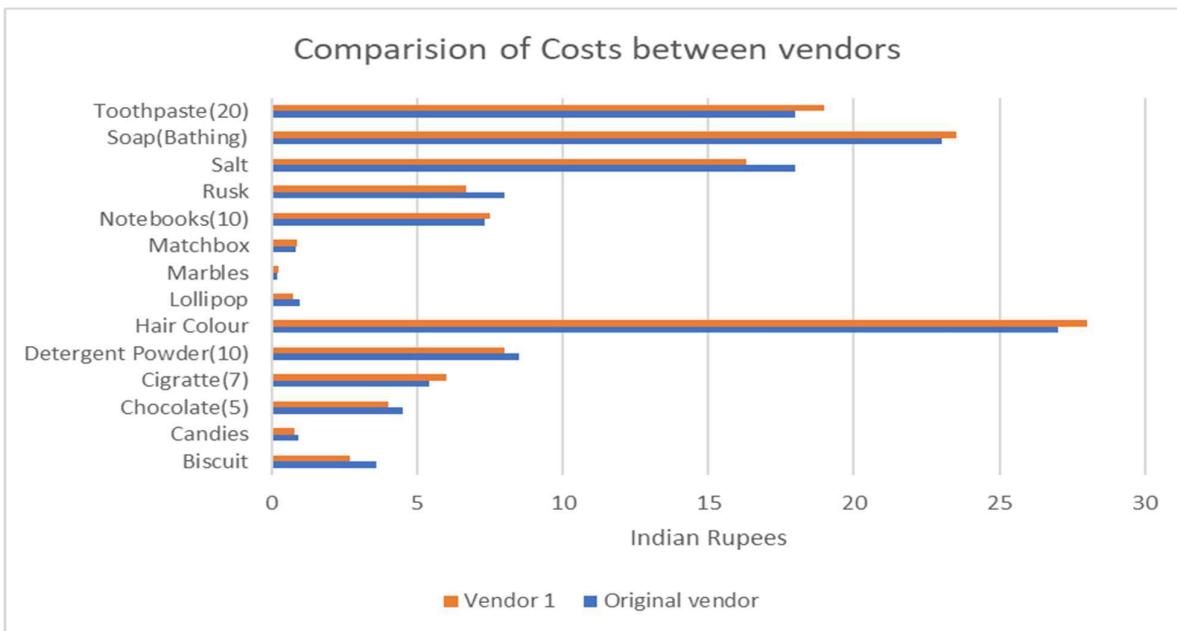
Image 3: Holi merchandise at the shop

This helped us incur an **additional revenue ₹1713**, broken down as the following.

Items	Outward stock	Selling Price	Cost Price	Revenue	Profit
Pichkari	14	200	143	2800	798
Holi colors	61	35	20	1220	915
<b>Sum Total</b>					<b>1713</b>

Limited inventory was available to gauge the initial market response. It was observed that the day demand, far exceeded expectations. Hence, on the next occasion, a larger variety and quantity to items will be made to be available.

## OPTIMIZING INVENTORY MANAGEMENT



### VENDOR DIVERSIFICATION

**Graph 10:** A clustered bar graph showing difference in cost price between vendors  
(excluding items costing equal)

Vendor 1 specialized in wholesale of edible items, and sold them at 13.22% less than the original vendor, however charges 5.52% more for non-food items. The most optimal method was to obtain biscuits, candies, chocolates, lollipops, rusk and salt from vendor 1 bimonthly while purchasing the rest, from the original vendor monthly. This gave a noteworthy **17% decrease** in overall cost price, and mitigates the problem of overstocking, and spoilage.

(Note: Due to an existing, year-long MOU with the original vendor, a modified deal cannot be made until July 2024, so a new contract can only be signed, with both vendors after the time stipulated in the previous contract has elapsed.)

### Offering profitable combo offers:

The following offers were put out temporarily, only on in-store purchases, due to overstocking of pens and the expiry date on the lollipops nearing.

- 1 Pen free at purchase of 2 notebooks.
- 1 Lollipop free with 2 packets of chips

While this step did not result in any significant increase in sales, as expected, the inventory of both, the pens and lollipops were lessened to manageable quantities.

## INTERPRETATION OF RESULTS AND RECOMMENDATION

### HOME-DELIVERY SERVICES

The introduction of this ingenious step, has shown a staggering **54.08% increase** in total revenue generated through sales at ₹10263.75 as compared to the previous month. Consequently, we see a **45.5% increase** at ₹1615.43 in total profit generated through sales. We also see a notable **17.6% increase** in total outward stock (combined).

Appropriate advertising through posters and word-of-mouth also caused a **62.9% increase** in use of the home-delivery service, halfway through the month.

These statistics clearly portray the merits of employing the novel, revenue-generating tactics.

### INTRODUCTION OF NEW PRODUCTS

#### Festival specific merchandise

The decision to expand the inventory, to include seasonal items has yielded positive results. The data indicates a significant demand for Holi colors and water guns (Pichkaris) throughout the festival, including on the day itself. This season alone, we saw a **₹1713** increase in revenue spread across 3 weeks.

It was also noted that the demand surpassed the acquired inventory based on anticipated sales, and should be increased in both quantity, and variety, for the following festivals.

## OPTIMIZING INVENTORY MANAGEMENT

### Optimizing Inventory Procurement

The analysis of inventory procurement options has resulted in a strategic shift towards diversification of suppliers. By procuring a portion (edible items) of the

stock from a new and closer supplier. The benefits to this are 3-pronged. Firstly, the shop will achieve a remarkable **17.7%** reduction in procurement costs. Secondly, this mitigates problem associated with inventory management, as the stock can now be secured twice a month, due to proximity, and hence, reduces the risk of spoilage and expiry of items. Finally, the risks associated with dependency on a single supplier are also eliminated.

### **Offering profitable combos.**

Lucrative combos, not only entice the customer to spend slightly more, but in our case, also significantly helped in clearing of slow-moving items, or items vulnerable to spoilage, without any wastage. The fineness of this strategic move lies in its versatility, as it can be adapted to overcome overstocking of any item in the store, as per requirement.

Let's calculate the total increase in profit and the total reduction in costs:

1. Revenue Increase from Home-delivery service:

- Revenue generated pre-service: ₹6661.5
- Revenue generated post service: ₹10263.75
- Revenue generated through delivery charges: ₹1500
- Revenue Increase: ₹10263.75 + ₹1500 - ₹6661.5 = ₹5102.25

2. Increase in Sales through Holi merchandise:

- Revenue generated: ₹1713

**Total Increase in Profit** = Revenue Increase from Home-delivery service: + Revenue generated through delivery charges + Increase in Sales through Holi merchandise

$$\text{Total Increase in Profit} = ₹10263.75 + ₹1500 - ₹6661.5 + ₹1713$$

$$\text{Total Increase in Profit} = ₹6815.25$$

3. Reduction in cost from Vendor diversification:

- Reduction in cost from Vendor Diversification: 17%

Therefore, based on the data provided, the total increase in profit is ₹6815.25.

While reduction in procurement cost will be about 17%

This is a result of tactical cost reduction measures and revenue enhancement strategies implemented in business.

## RECOMMENDATIONS

### 1. Online Presence:

Capitalize further on the home-delivery service by establishing an online presence by exploring other delivery platforms in addition to like BlinkIt, Zepto and InstaMart.

### 2. Product Diversification:

Continue to introduce high-value, popular products that align with customer preferences. Consider conducting customer surveys or analyzing sales data to identify potential additions to the product range, ensuring a mix of profitability and customer appeal. This will help successfully tap into consumer preferences and provided additional revenue streams.

### 3. Seasonal Products:

Keep up to date with current trends, festivals and occasions to sufficiently stock up on seasonal items, well in advance, to maintain constant surges of revenue, as well as expand customer base.

### 4. Digitalize transactions:

Keeping track of incoming and outgoing stock, profit margin and inventory management will be significantly fast, easier and error-free by using tools like Excel to manage a database.

### 5. Supplier Relationships:

Maintain a balance between multiple suppliers for critical inputs like price fluctuations. Regularly review the performance of new and existing suppliers to ensure consistency in quality, pricing, and timely delivery. Avoid signing long-term binding contracts.

### 6. Data-Driven Decision Making:

Continue the practice of data-driven decision-making. Implement a system to monitor and analyses the performance of different initiatives and channels. This will help in making informed adjustments and optimizing strategies in real time.

## **7. Offering profitable combos:**

Versatile and unique combos, based on current movement of items in inventory, not only impact sales, but also help maintain the inventory. This reduces overstocking, expiry, spoilage and wastage.

## **8. Customer Engagement:**

Leverage online platforms not only for sales but also for engaging with customers. Respond to reviews, gather feedback, and create a sense of community around the brand. This will foster customer loyalty and improve the overall brand image

## **9. Sustainability:**

Consider implementing sustainable practices in procurement and operations. For instance, exploring local sourcing for ingredients or adopting eco-friendly packaging can align with growing consumer preferences for environmentally responsible businesses.

In conclusion, the data-driven initiatives undertaken have demonstrated the potential to drive positive outcomes for Tanishka Enterprise. By continuing to harness the power of data and implementing the recommended strategies, the business can further optimize operations, enhance profitability, and create a stronger foothold in the competitive market.

Link to dataset:

[https://docs.google.com/spreadsheets/d/1mGPXVcIT7UWh\\_0GwHO1rnaSaZHE5VLO25PDcsVCDqhk/edit?usp=sharing](https://docs.google.com/spreadsheets/d/1mGPXVcIT7UWh_0GwHO1rnaSaZHE5VLO25PDcsVCDqhk/edit?usp=sharing)