

Study on Feasibility Analysis of Shop-in-Shop Model

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Abstract. The “Shop in Shop” model is where a retailer or brand owner placing the company’s outlet inside another outlet or a hypermarket. The objective of this study is to explore the feasibility and profitability of SIS model for a salad bar at hypermarkets of Delhi/NCR. This study represents an initial and exploratory effort to start building the necessary framework for understanding the profit potential of this entrepreneurial venture. **In hypermarkets, qualitative methods were majorly used for gauging customers’ opinion. These methods aim to answer questions about the ‘what’, ‘how’ or ‘why’ of a phenomenon rather than ‘how many’ or ‘how much’, which are answered by quantitative methods. The sampling technique was convenience and sample size was 20 hypermarkets.** Profit and Loss Statement has been constructed to find out net profitability. The result of this study shows that SIS model is a profit yielding venture with a promising future and increased income in years to come.

Keywords: SIS, Profit and Loss Statement, qualitative methods, quantitative methods sampling technique

1. INTRODUCTION

The "shop in shop" model is where a brand owner or retailer takes space in another retailer's store and fits it out to provide selling space dedicated to that secondary company's products. The SIS model is at nascent stage and not fully exploited arena for **ready to eat salads and fruits and vegetables (Whole and Cut) packed. Therefore it will prove as win/win solution for SIS model based shop and Jubilant Fresh Pvt. Limited. This shop will prove to be a profitable venture if the population demanding ready to eat salads and packed fruits and vegetables (Whole and Cut) increases in future.**

SWOT analysis of SIS model

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> • ISO, HACCP and FSSAI certified plant(Jubilant Fresh Pvt. Ltd.) • A vigilant to keep an eye on all processes in Jubilant Fresh Pvt. Limited 	<ul style="list-style-type: none"> • Marketing needs to be done • New to the market in SIS model • Not all people are health concerned

<p>Opportunities</p> <ul style="list-style-type: none"> • Not fully exploited, at nascent stage • New product development as per customer requirements 	<p>Threats</p> <p>Vegetables and Fruits(Cut and Whole)</p> <ul style="list-style-type: none"> • Barley Universal • Shri Ganpati Vegetables • Green Acres • Adani • others <p>Ready to eat salads</p> <ul style="list-style-type: none"> • Ego Base Kitchen Unit of A and V Zippers Pvt. Ltd. • Spencers • others
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2. Research Methodology

The research was conducted with the use of primary and secondary data. Primary data included interaction with executives and customers to know the ongoing trends in ready to eat salads and cut and whole packed (fruits and vegetables) as well as observations in hypermarkets .Secondary data included web search, books ,etc. *In hypermarkets, qualitative methods were majorly used for gauging customers’ opinion. These methods aim to answer questions about the ‘what’, ‘how’ or ‘why’ of a phenomenon rather than ‘how many’ or ‘how much’, which are answered by quantitative methods. The sampling technique was convenience and sample size was 20 hypermarkets.*

3. Feasibility Analysis of SIS Model

For making Profit and Loss Statement (profit sharing) for SIS Model, **the author visited Big Bazaar, GIP, Sector-18, Noida** where they interacted with the Coffee Day Xpress counter person operating in SIS model. I came to know through interaction with the Coffee Day Xpress counter person that Rs. 25000 rent/month was for 8 by 10 space. *It was also learnt that if he had to operate in SIS model on profit sharing basis, he had to give 25% of the sales amount every month to the BIG BAZAAR concerned person. They also interacted with Jayant Bhattacharya (Sr. manager-Business Development) of Jubilant Fresh Pvt. Ltd. For SIS model, the below expenses were taken:*

Expenses/annum:
COGS-30% of sales/annum
Profit Sharing-25% of sales/annum

Dump-10% of sales/annum
Transportation-10% of sales/annum
Salaries and Wages-7% of sales/annum
Packaging-4% of sales/annum
Marketing Cost-2% of sales/annum

Prerequisite Condition: Ready to eat salads and fruits and vegetables (Whole and Cut) are made and packed at the plant (Jubilant Fresh Pvt. Limited).

Expenses/annum:

COGS-30% of sales/annum
Profit Sharing-25% of sales/annum
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Cost of Goods Sold and Sales:

Selling Price- Rs. 100(Ready to eat Salads)
Rs. 50/kg(average of Fruits and Vegetables)

Sales Expected- 5packs/hour and 10kg/hour
Hypermarket is open for 14 hours.

Sales of Ready to Eat Salads (per day) = $14 * 5 * 100 = \text{Rs. } 7000$

Sales (per day) of Fruits and Vegetables (Cut and Whole packed) = $14 * 10 * 50 = \text{Rs. } 7000$

Sales/annum = $\text{Rs. } (7000 + 7000) * 365 = 5110000$

Cost of Goods Sold = 30% of total sales
= 30% of 5110000
= Rs. 1533000

Expenses/annum

Profit Sharing-25% of 5110000 = Rs. 1277500
Dump-10% of 5110000 = Rs. 511000
Transportation-10% of 5110000 = Rs. 511000
Salaries and Wages-7% of 5110000 = Rs. 357700
Packaging-4% of 5110000 = Rs. 204400
Marketing Cost-2% of 5110000 = Rs. 102200

Trading and Profit and Loss Account for the year ending 31st Dec, 2014

Debit	Rs.	Credit Rs.	
To Transportation	511000	By Sales	5110000
To Cost of Goods Sold	1533000		
To Gross Profit c/d	3066000		5110000
	5110000		
	1277500		
To Profit Sharing	511000	By Gross Profit b/d	3066000
To Dump	204400		
To packaging	102200		
To marketing	357700		
To Salaries and Wages	613200		
To Net Profit	3066000		3066000

4. **Conclusion and Suggestions**

On conducting the feasibility analysis of SIS model, it is understood that it's a profitable venture for investment. The SIS model is at nascent stage and not fully exploited arena for ready to eat salads and fruits and vegetables (Whole and Cut) packed. Best 5 Hypermarkets: These below mentioned five hypermarkets are best because of higher footfall.

- Big Bazaar, GIP, Noida
- More, Moments Mall, Kirti Nagar
- Spencer's, MGF Mall, Gurgaon
- Big Bazaar, Sahara Mall, Gurgaon
- Auchan, MGF Metropolis Mall, Gurgaon

Best and Least Selling SKUs' in hypermarkets: The best selling SKUs' are Mushroom and Cut papaya because of higher frequency of purchase. The least selling SKUs' are Fruit Salads including cut apples and Lady Finger because apples contain iron and they get blackish in a short period of time. Ladyfinger also get blackish easily.

Best Selling SKUs':

- Mushroom
- Cut Papaya

Least Selling SKUs’:

- Fruit Salads including cut apples
- Lady Finger

Demand:

- Salads at 24*7-Pasta Salad(Overfull Demand), Egg Salad(Full Demand)
- Spencers-Kabuli Chana Chaat(Overfull Demand)

The Pasta Salad at 24* 7 and Kabuli Chana Chaat at Spencers are generally out of stock. The Egg Salad at 24*7 is fully sold.

Who will buy?

- ✓ Working women
- ✓ Consumers who are concerned about fitness and health
- ✓ Consumers who are looking for high quality, more adventurous flavors, and new eating sensations

SIS model based shop will position itself as unique shop where its patrons can not only enjoy salads that are both convenient and healthy but they can also get fresh fruits & vegetables (Whole & Cut).

- ✓ Blue Ocean:

The below mentioned SKUs’ must be launched as a part of blue ocean strategy because they are not available in the market :

- Torai(Cut)
- Stuffed Capsicum(Cut)
- Veg. Crudets(Cut)

- ✓ Red Ocean:

For SKUs’ in which there is cut throat competition, the below strategies must be adopted:

- Differentiation-packaging, quality, etc.
- Low cost
- Step up marketing
- More responsive to the needs and expectations

5. References

Internet Research:

- ✓ <http://www.shopinshopmodel.com>
- ✓ <http://fieldresearch.msf.org/msf/bitstream/10144/84230/1/Qualitative%20research%20methodology.pdf>

Books:

- ❖ [Research Methodolgy: Methods and Techniques -C.R. Kothari](#)
- ❖ [Marketing Management-Philip Kotler](#)
- ❖ [An Introduction to Accountancy-SN Maheshwari](#)