

## Market Analysis of ITC products in rural areas with special reference to Nainital District

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World Journal of Advanced Research and Reviews, 2023, 18(02), 465–475

Publication history: Received on 17 March 2023; revised on 05 May 2023; accepted on 08 May 2023

Article DOI: <https://doi.org/10.30574/wjarr.2023.18.2.0739>

### Abstract

ITC was established on August 24, 1910, as the Imperial Tobacco Company of India Ltd. in Kolkata, and its name changed to I.T.C. Ltd. in 1974. Finally, it changed its name to ITC Ltd. in 2001. ITC has a diversified presence in tobacco, foods and confectionery, apparel, packaging, and hotel business. They entered the food business in 2001 and launched the Kol brand under the Ready to Eat segment. They expanded with brand launches in the confectionary, staples, and snack food segments. The study was conducted in the Bhimtal, Betalghat, and Ramgarh blocks of Nainital district. The study is totally based on the primary data. The study found that there is a huge market and that there is scope for improvement. The organization has the capacity to give good business to ITC FMCG products, and more sales could be achieved if the services given by distributors are improved, more awareness of the products is made amongst the consumers through the advertisements, and if the company comes with new advancements in some of their products where they are lacking.

**Keywords:** Imperial Tobacco Company; Foods and confectionery; Staples and Snacks food segments; ITC FMCG products

### 1. Introduction

The Indian conglomerate ITC Ltd was established on August 24, 1910. Sanjiv Puri presently serves as the company's CEO. It was once known as Imperial Tobacco Company of India Limited. The business's registered office is in Kolkata. With more than 60 locations across India, it employs 36,500 people.

ITC is a well-rounded company with operations in a variety of industries, including cigarettes, hotels, paperboards and specialty papers, packaging, agribusiness, packaged foods and confectionary, information technology, branded apparel, personal care, stationery, safety matches and other FMCG goods. ITC is a market leader in many of its core industries, including cigarettes, lodging, paperboard, food and confectionery packaging, branded apparel, personal care, and stationery.1.1

#### 1.1. List of Products and Brands

In FMCG, ITC has a strong presence in:

- **Cigarettes:-** W. D. & H. O. Wills, Gold Flake Kings, Gold Flake Premium, Benson & Hedges, Silk Cut, Scissors, Capstan, Berkeley, Bristol, Lucky Strike, Players, Flake.
- **Foods:-** Kitchens of India, Aashirvaad, Minto, Sunfeast, Candyman, Bingo, Yippee, Sunfeast pasta brands in ready to eat, Biscuits, Confectionaries, Noodles and Snack foods.

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- **Apparel**
  - Wills Lifestyle
  - John Players
- **Personal Care**
  - Fama di wills
  - Vivel
  - Essenza di Wills
  - Superia
  - Vivel di wills brand of product in perfumes, hair care and skin care.
- **Stationery**
  - Classmate
  - Paperkraft brands
- **Safety Matches and Agarbattis**
  - Mangaldeep
  - AIM brands

### 1.2. Rural Initiatives taken by the Company

India's second-largest exporter of agricultural goods is ITC's Agri-Business. One of India's top earners of foreign exchange is ITC. Via the Company's E-Choupal programme, Indian agriculture is able to dramatically increase its competitiveness by giving Indian farmers access to the Internet's power. ITC expects that this transformational strategy, which has already been the focus of a case study at Harvard Business School, will gradually build up a sizable rural distribution system, greatly expanding the company's marketing capabilities.

In rural farming communities, the company installs internet-connected PCs called E-Choupals, which act as both a hub for electronic commerce and a location for social interaction and information exchange. What started as an initiative to re-engineer the procurement process for things like tobacco, wheat, prawns, and other cropping systems in rural India has now created a highly profitable distribution and product design channel for the company—an e-commerce platform that is also a low-cost fulfillment system focused on the needs of rural India. The E-Choupal system has also sparked a rural change that is assisting in reducing rural isolation, fostering greater transparency for farmers, and enhancing their output and earnings.

### 1.3. Distribution system of ITC

The distribution chain, also referred to as the channel, is the process by which a product is passed from one organization to the next through a series of middlemen before it finally reaches the consumer or end-user.

In the rural parts of the Nainital District, the distribution of ITC is carried out through a variety of alternative channels:

- Distributor, who sells to retailers.
- Distributor, who sells to whole sellers.
- Dealer or whole seller, who sells to end consumers.
- Advertisement typically used for consumption of goods.

#### *Objective of the Study*

- To study the Retail coverage and Distribution pattern of ITC in Nainital district.
- To analyse the rising segment of ITC products in rural areas.

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## 2. Material and methods

### 2.1. Study area

Rural areas of Nainital district of Uttarakhand. Three blocks namely Bhimtal Block, Betalghat Block and Ramgarh block have been selected for the study purpose.

### 2.2. Data collection technique

The study is primarily based on primary as well as secondary data.

2.2.1. Primary data

Primary data was collected through Interview with retailers, Questionnaire and Observations.

2.2.2. Secondary data

Secondary data was collected from various ITC portals with the adequate data of present.

2.3. Sampling design:

2.3.1. Sample size

100 Retailers

2.3.2. Sampling method

Simple Random sampling method has been used to collect the data from the retailers.

3. Results and discussion

3.1. Year of selling the ITC products

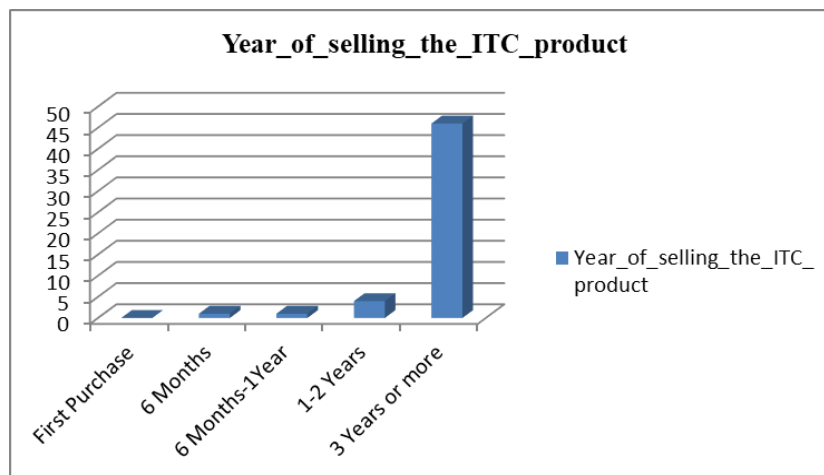


Figure 1 Year of selling the ITC Products in Bhimtal Block

**Interpretation:-**The study in the Bhimtal Block resulted that the mostly the retailers are selling the ITC products from more than 3 years.

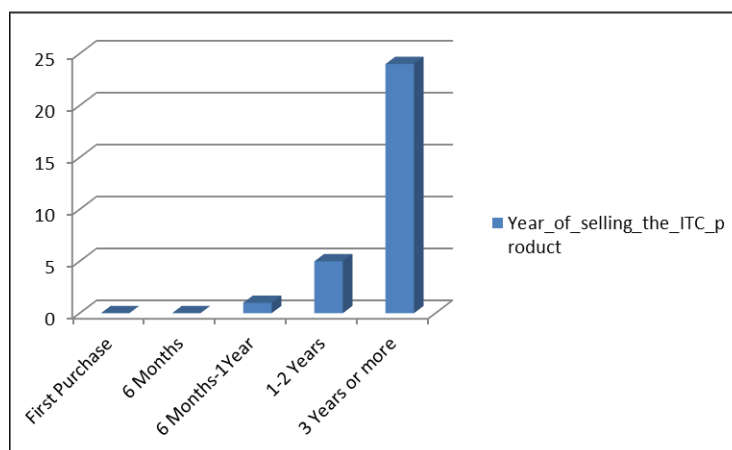
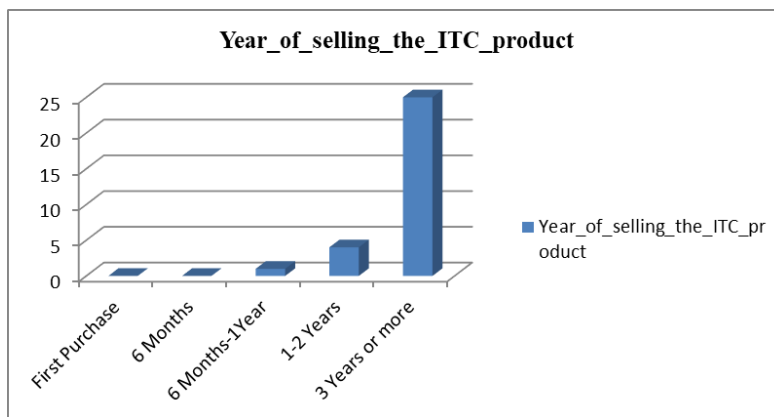


Figure 2 Year of selling the ITC Products in Ramgarh Block

**Interpretation:-**The study in Ramgarh Block resulted that mostly the retailers are selling the ITC products from more than 3 years but there is also the increase in the retailers in last 2 years.



**Figure 3** Year of selling the ITC Products in Betalghat Block

**Interpretation-** The study in the Betalghat block resulted that mostly the retailers are selling the ITC products from more than 3 years but also increased a bit in last 2 years.

**Overall Interpretation:-** The overall result stated that there have been a huge amount of retailers in the region selling ITC products for more than 3 years, and the increase in retailers selling ITC products has also been seen in Ramgarh and the Betalghat region in the last 2 years.

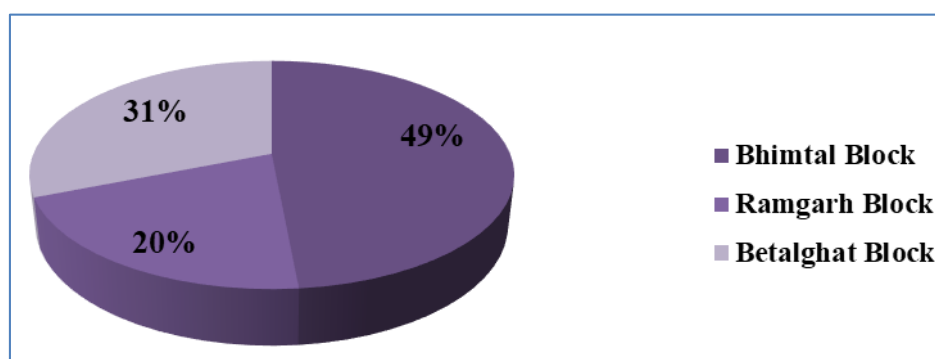
**Table 1** Satisfaction with the ITC products

Satisfaction Level	Area (Block)				Chi Square value
	Bhimtal	Ramgarh	Betalghat	Total	
Satisfied	50	26	26	102	3.078
Dissatisfied	2	4	4	10	
Total	52	30	30	112	

Null Hypothesis:- The three blocks have the same satisfactory level; Alternate Hypothesis:- The three blocks do not have the same satisfactory level.

Table shows that the critical value of the chi-square test at 5 percent level of significance with 2 degree of freedom is given by 5.991. The null hypothesis will be accepted as the sample chi-square lies in the acceptance region. It can be conclude that the three blocks have the same satisfactory level.

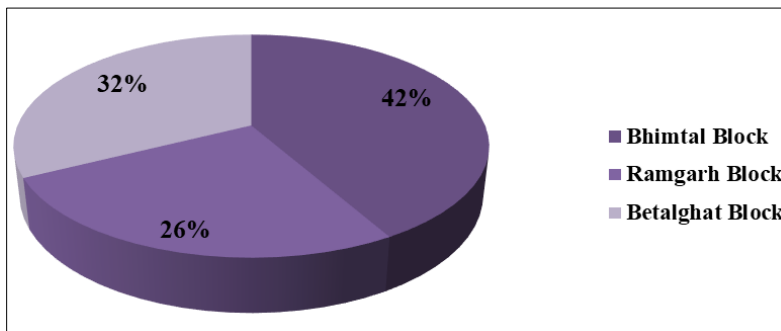
### 3.2. Per day sale of the ITC Tobacco Products



**Figure 4** Per day sale of tobacco products

**Interpretation:-** The study interprets that, on average, the retailers in the Bhimtal Block area are selling 49% (about Rs 1715 per retailer) of the tobacco products in a day. On the other hand, Ramgarh Block area retailers are selling an average of 20% (Rs 723/retailer) of tobacco products in a day, while Betalghat Block area retailers are selling an average of 31% (Rs 1097/retailer) of tobacco products in a day.

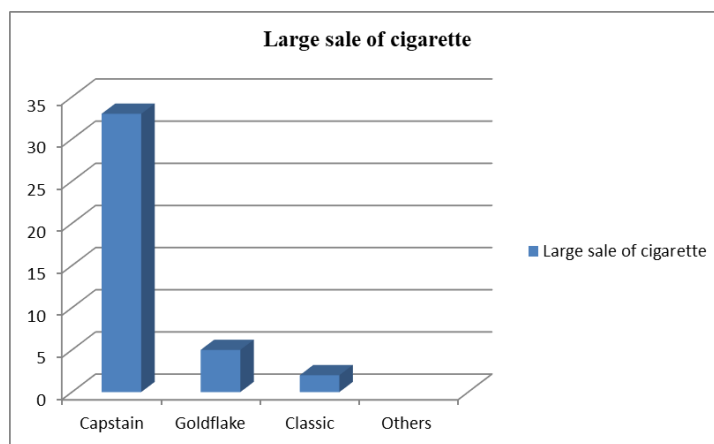
### 3.3. Per day sale of the ITC FMCG Products



**Figure 5** Per day sale of FMCG products

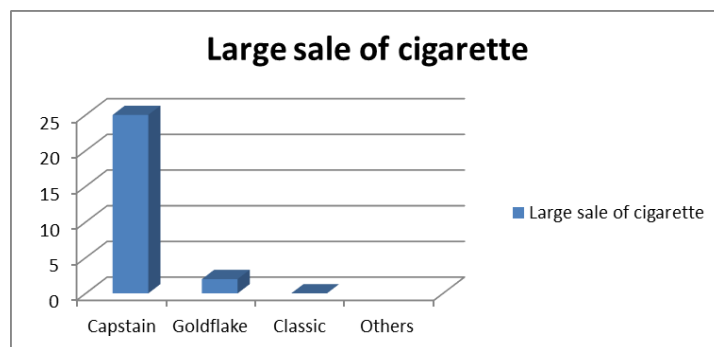
**Interpretation:-** According to the study, the Bhimtal Block retailers sell 42% (or Rs 742 per retailer) of FMCG goods in a day on average. On the other hand, Ramgarh Block retailers are selling 26% of their average (Rs 460 per retailer) in a day, and Betalghat Block retailers are selling 32% of their average (Rs 576 per retailer) in a day.

### 3.4. Large sale of Cigarette



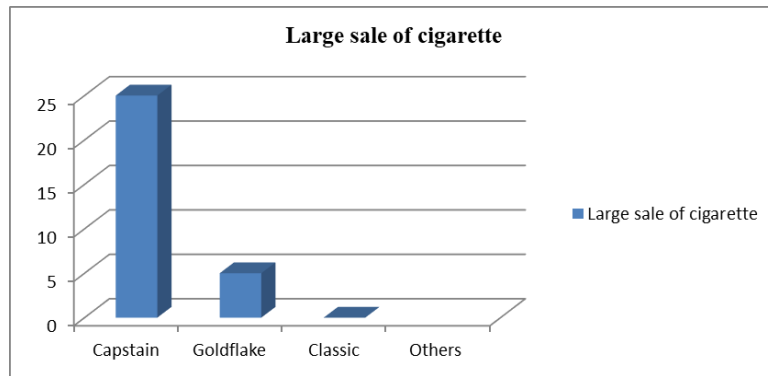
**Figure 6** Large sale of Cigarette in Bhimtal Block

**Interpretation:-** In the study it is seen that there is a large demand of Capstain in the market followed by the Goldflake in the region.



**Figure 7** Large sale of Cigarette in Ramgarh Block

**Interpretation:-** It is being observed through the study that there is a large market demand for Capstain in the region, followed by Goldflake during the season.

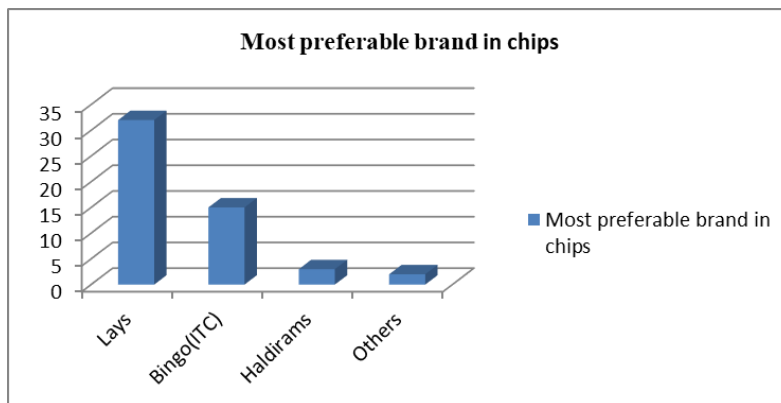


**Figure 8** Large sale of Cigarette in Betalghat Block

**Interpretation:-** The study in this region stated that there is a large market for Capstain, followed by Goldflake.

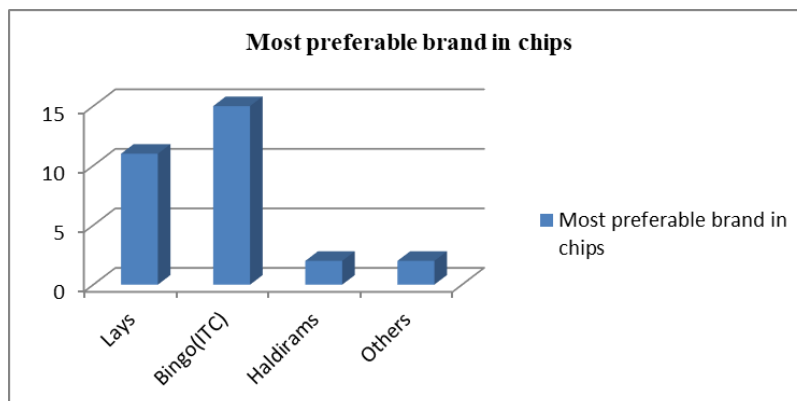
**Overall Interpretation:** The overall result stated that there is a huge market demand for capstan cigarettes in the 3 regions, and Goldflake is also having a good market in comparison with Classic in the regions of Bhimtal and Betalghat

### 3.5. Most preferable brand in Chips



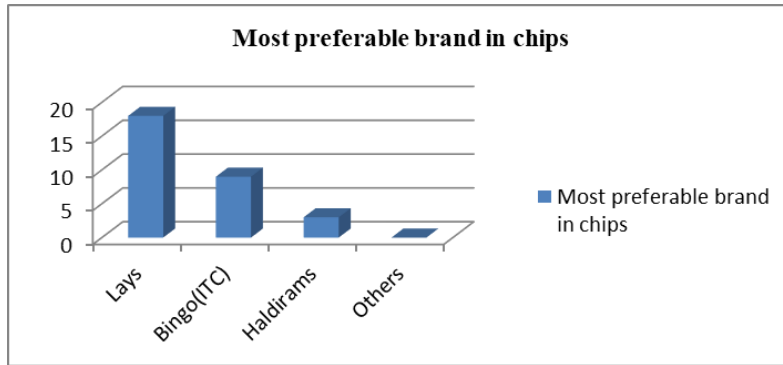
**Figure 9** Bhimtal Block

**Interpretation:** The study in the Bhimtal Block stated that there is a huge demand for the Lays brand in comparison with the Bingo brand of ITC. Bingo stands in second place in this region.



**Figure 10** Ramgarh Block

**Interpretation:-** The study in the Ramgarh block stated that ITC Bingo is having a good market strength in the region in comparison with the other brands.

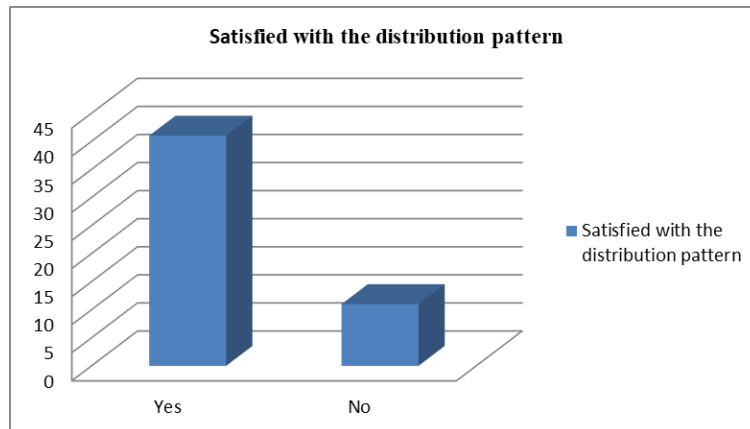


**Figure 11** Betalghat Block

**Interpretation:-** The study in the Betalghat block stated that the market demand of Lays brand in the region is more than that of ITC Bingo.

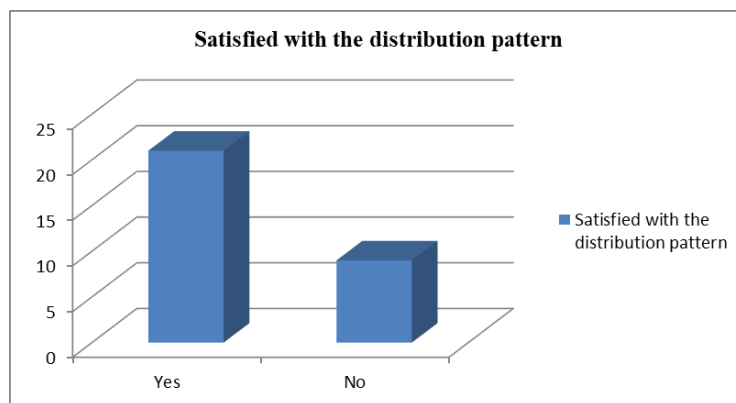
**Overall Interpretation:-** The overall result stated that the ITC Bingo stands in the second position in the market

### 3.6. Satisfaction with the distribution pattern



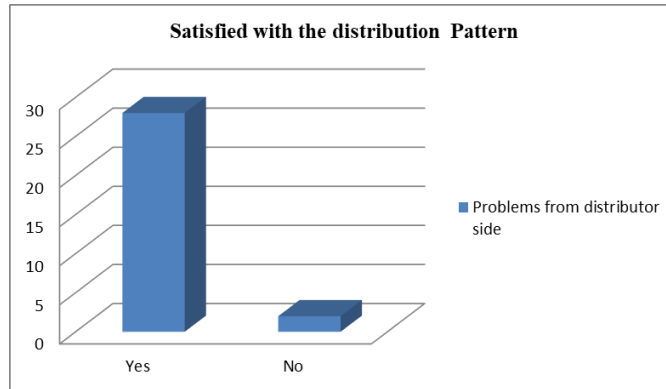
**Figure 12** Satisfaction of retailers with the distribution pattern of ITC in Bhimtal Block

**Interpretation:-** The study stated that approx the 90-92% of the retailers were satisfied with the distribution pattern of the ITC.



**Figure 13** Satisfaction of retailers with the distribution pattern of ITC in Ramgarh Block

**Interpretation:-** The study of the Ramgarh Block stated that only 75-80% of the retailers were satisfied with the distribution pattern of the ITC.

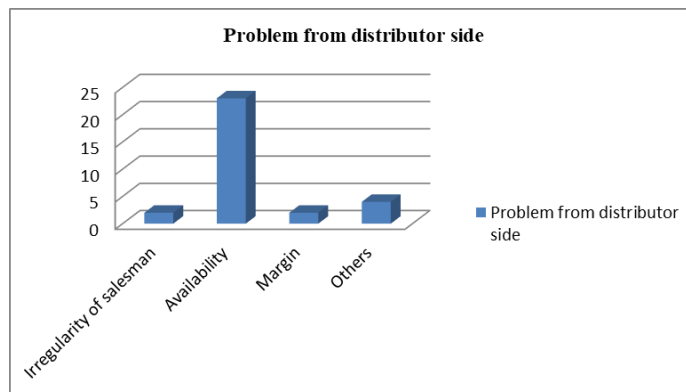


**Figure 14** Satisfaction of retailers with the distribution pattern of ITC in Betalghat Block

**Interpretation:** The study stated that most of the retailers in the Betalghat Block were satisfied with the distribution pattern of ITC.

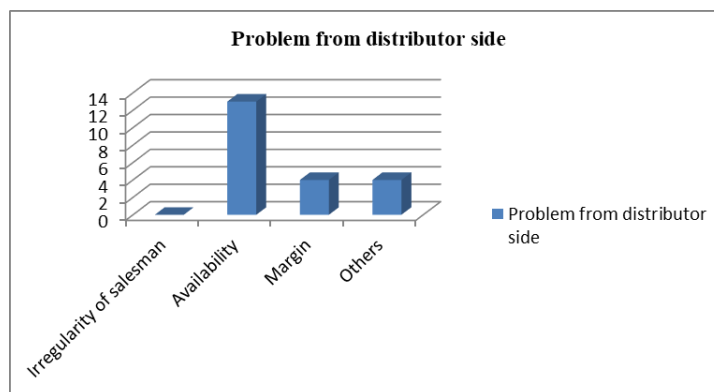
**Overall Interpretation:** The overall study came out with the result that the majority of the retailers were satisfied with the distribution pattern in the region.

### 3.7. Problems from distributor side



**Figure 15** Bhimtal Block

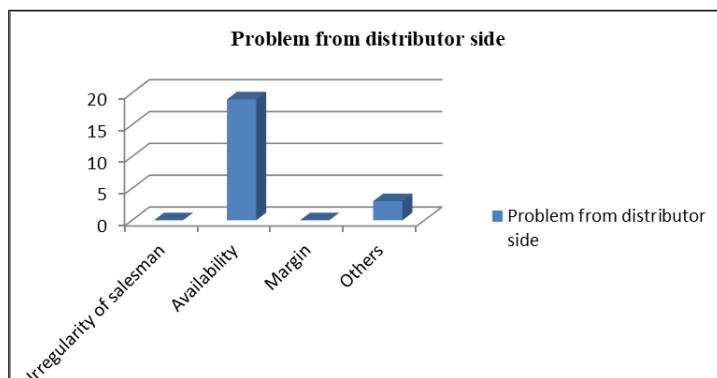
**Interpretation:-** The study of the Bhimtal Block stated the retailers were mostly having the availability problem of the ITC products.



**Figure 16** Ramgarh Block



**Interpretation:-** The study in the Ramgarh Block stated that the retailers were mostly facing the availability problems of ITC products.



**Figure 17** Betalghat Block

**Interpretation:** The study of the region stated that mostly the retailers were facing the availability problem of ITC products.

**Overall Interpretation:** The overall result came out that the retailers were facing an availability problem in regards to the products that they were ordering.

### 3.8. Response of the ITC juice in Market

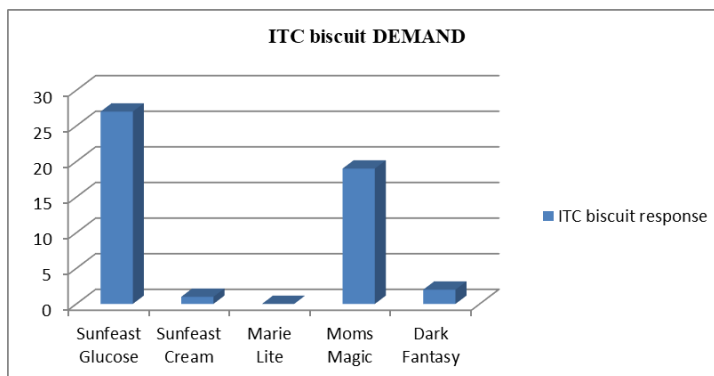
**Table 2** Response of the ITC juice in Bhimtal , Ramgarh and Betalghat block

Response Rate	Area (Block)				Chi Square value
	Bhimtal	Ramgarh	Betalghat	Total	
Excellent	0	2	3	5	4.062
Average	12	11	18	41	
Poor	5	5	3	13	
Total	17	18	24	59	

**Null Hypothesis:-** The response rate of ITC juice are average in every Block; **Alternate Hypothesis:-** The response rate of ITC juice are not average in every Block.

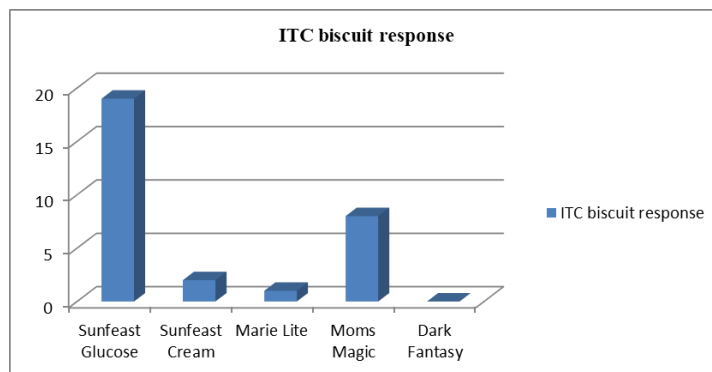
Table shows that the critical value of the sample at a 5 percent level of significance with 4 degrees of freedom is given by 9.49. The sample will be accepted as it falls in the accepted region. That is, the null hypothesis will be accepted, which means that the response rate is mostly average at each block.

### 3.9. Demand of ITC Biscuits



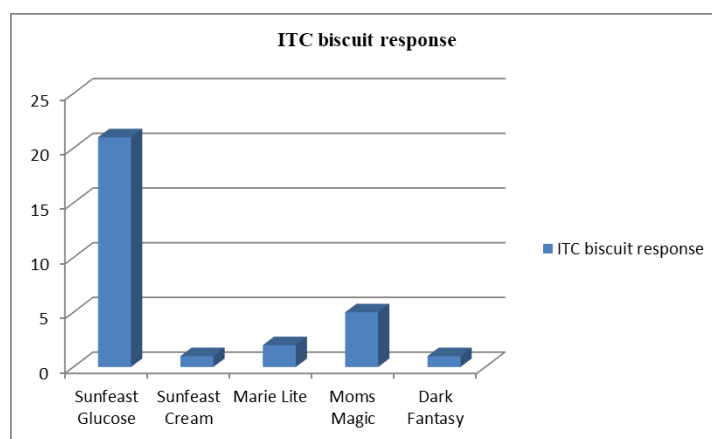
**Figure 18** Demand of ITC Biscuits in Bhimtal Block

**Interpretation:-** The study stated that the ITC Sunfeast Glucose is having a high market demand followed by Sunfeast Moms Magic in the Bhimtal Block.



**Figure 19** Demand of ITC Biscuits in Ramgarh Block

**Interpretation:-** The study stated that the ITC Sunfeast Glucose is having a great market demand in the Ramgarh Block.



**Figure 20** Demand of ITC Biscuits in Betalghat Block

**Interpretation:** The study stated that there is a great market demand for ITC Sunfeast Glucose Biscuits in the region.

**Overall Interpretation:** The overall study stated that there is a huge market demand for ITC Sunfeast Glucose Biscuits in the region and that there is also a good market demand for Sunfeast Moms Magic in the region in comparison with the other biscuit products of ITC.

#### 4. Conclusion

In this investigation, researcher discovered that tobacco goods are a major source of dependence for ITC's rural market. According to the analysis, ITC is a new player in the FMCG industry, yet despite this, it has managed to compete on an equal footing with other well-established businesses in the following areas: Lays has a longer history and a loyal following. While Bingo has more crunch, Lays has better flavour. Although Lays now holds the advantage, Bingo is doing well with to fresh and cutting-edge goods like "Crazy Angles." Sales of personal care goods need to be given more attention. The rural market has a high demand for Mangaldeep and Aim. ITC 'Sunfeast Biscuits' are also in high demand in the rural market, although some of the Sunfeast biscuit products need to be highlighted.

#### Suggestions

- Analysing and identifying major competitors, keeping tabs on their strengths and weaknesses, and accordingly preparing your own strategy
- Increasing awareness for the ITC products among consumers and retailers
- Increasing the efficiency of the distribution system ensuring every shop in the area has the ITC's product.

- Appointing knowledgeable salesmen who can market products to retailers effectively
- Tie up with the regional and local newspapers running competitions at the time of the festive seasons.
- There is a vast distribution gap between ITC Bingo snacks and Frito-Lays that has to be filled in order to increase sales. For that, ITC should consider:
  - The width of distribution: the total number of outlets covered should increase in order to bridge the distribution gap.
  - Increase the number of distributors.
- We can increase the total margin given to retailers.

#### *Limitation of the Study*

- It was difficult for the salesmen to pinpoint the sales of a particular brand at retail stores.
- As the nature of the research was exploratory, it was difficult to cover every retailer.
- Many retailers don't express their original perceptions and views because of bias.
- All the employees were very busy in their working hours, due to which it became difficult to gather data from them.

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### **Compliance with ethical standards**

#### *Acknowledgments*

I would like to thank to all the salespersons of the ITC Ltd. for their valuable support and cooperation during the research. I would like to thank to all those persons who helped me in the completion of this research work.

#### *Disclosure of conflict of interest*

We have no conflict of interest during this research.

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