

Domestic Market Research

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**Market Research Conducted in Three Largest Cities of Pakistan
(Karachi, Lahore, Faisalabad)**

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DOMESTIC MARKET RESEARCH AT KARACHI

The research was undertaken in the first week of August 2007 at superior fruit outlets in Karachi. Seven super markets, D-Mart Clifton, D-Mart Bahadarabad, Naheed super Store Bahadarabad, Aga's Super Store Defense, Makro North Nazima bad, Umar Fresh Fruit Retailer Defense, EBCO Super Store Clifton were visited and their managers interviewed. To get the consumer feed back, fifteen consumers from each outlet were randomly selected at different shopping hours. Apart from that, the main supplier who supplied fresh fruits and vegetables to these super markets was also interviewed. Semi structured questionnaire was used for collecting information about fresh fruits in general and for mango in particular. Information on sources of purchase of mangos, quantity of the fruit sold per day, shelf life of the product, the pricing pattern, wastage rates, quality of mangoes, profile of customers and busy shopping hours etc. were collected from the managers of respective super markets.

It was found that majority of these stores had rented out the space, allocated for fresh fruits and vegetables to some specialized suppliers of fruits and vegetables. Makro and Aga's were the only two stores which bought fresh fruits and vegetables directly from the main Fruits and Vegetables market or "Mandi". Makro has its own Purchase Department and this Department places orders at its Lahore office because the main supplier of fruits and vegetables to Makro operates at Lahore. The supplier forwards directions to his agent in the fruits and vegetables markets at Karachi and the agent under his advice then supplied mangos to Makro from Karachi fruits and vegetables wholesale market. It was observed that daily sales at all these stores averaged between 65-75 kg per day except for Makro, where Operational Manager Mr. Richard reported daily sales around one ton per day. The shelf life of mangos at all these stores as reported, is not more than three days because mostly these stores sold the fully ripped mangos due to customers preference. Wastage rate was almost 10 percent of total sales volume. The supplier bore loss for the wastage. Prices were found little higher at all these super stores except Makro where prices were fairly comparable with the traditional markets. Prices at all these stores were reported to be fixed with mutual consensus of the managers of these stores and the suppliers and varied from time to time during the sales period in a days' sales. Managers

charged 10-15% commission on total sales per day from the suppliers. Managers reported that normally the people of middle, upper middle and high income groups visited their stores, however mango buyers mainly came from upper middle and high income group as they felt confident and were supportive of the conducive environment of shopping at these stores. Majority of the customers liked medium sized, clean, fresh and fully ripped mango, managers reported. Busy shopping hours at these stores was the evening time i.e. 5-10 pm. Marko experimented by selling mangos of uniform size in polythene packing of 2 Kg. They have started this practice during this season. The manager reported that their experience was very good and they were able in reducing wastage rate of their mangos by following this practice. The Manager identified the following reason for adhering to this practice

“Customers are habitual to press mango while selecting pieces from open boxes to check hardness of the fruit. Just imagine if every customer will press a mango, it will ultimately turn to be soft in the evening and will not remain suitable for sale due to softness and will go in wastage” As such Marko tried to reduce these losses and witnessed some success in selling mangos in packed form.

Regarding customer's feed back, it was observed that majority of the customers did not like to purchase mangoes in bulk from these super stores due to their higher prices as compared to the prices prevailing in the outside traditional shops, with minor difference in the quality of the fruit. Majority of the customers were educated and they were able to explain the difference between a good quality mango and poor quality mango. Most of the respondents reported that a good quality mango meant medium sized, clean, fully ripped fruit without softness, good in color without blemishes. On an average, customers visited these super stores twice a week and they mostly came there for other necessary household shopping. 70% of the customers reported that they visited these stores because all required household items were available under one roof. Moreover, these stores have very conducive environment of shopping. One customer who was buying mangoes from the D-mart Clifton said;

“I always come here to purchase some imported fruits because these fruits are not available in the traditional markets. Today I saw good quality mangoes that are good in size, color and are also fully ripped. I was tempted to buy mangoes from this store.

Normally I do not purchase mangoes from this store due to their high prices as the mangoes placed for sale here are of almost the same quality, available at cheaper price in the outside shops.”

Majority of the customers reported high prices for mangos on these stores. It was observed that average consumption of a family having 4-6 members, was 8-10 Kg/ week. The majority of the customers liked Sindhri, Chaunsa, and Dusheri. It was also observed that 80 % of the total customers at these stores were housewives and major profession of their Husbands was Business. These ladies belonged to the group having monthly income of RS 50,000 or higher per month. Marko was the only place where customers reported an income below Rs. 50,000.00 per month. It was also observed that many fruit retailers of traditional markets purchased mangos and other fruit in bulk from Makro for their shops. Except Marko, no super store has had cold storage facility for the storage of fruits.

The main supplier of fresh fruits and vegetables supplied fruits to four of the above mentioned stores namely D-Mart Clifton and Bahadarabad, EBCO Clifton, Naheed Super Store Bahadarabad. The other Super Stores purchased mangos from various Sources.

“Most of the time I saw same customers on different stores for shopping. Therefore in my view there are selected customers and very few in numbers, as compared to the total population of Karachi, who buy fresh fruits from these stores. This is the reason that sale of fruit is not up to the mark on these stores”, the Supplier remarked.

DOMESTIC MARKET RESEARCH AT LAHORE

The research was undertaken at Lahore during the second week of August 2007. Seven super markets viz. Pace Gulberg Branch and Defense Branch, H.Karim Buksh Defence Branch, Pot Puri Defence, ARY Cash and carry Gulberg, Alfateh Liberty Market and Makro Ravi Road were visited. Alfateh Store at Liberty was the only super store, which refused to provide any information about their business on fresh fruits; however interviews with the managers of all other stores were conducted.

Feed back from the customers of all these stores was obtained and 15 customers from each store were interviewed to know their response on various aspects. Customer turn over at all these stores was found a bit low when compared with Karachi markets.

Almost all these stores had rented out space for fresh fruits to the fruit suppliers on contractual rental basis except Makro and Pot Pouri. The rent charges for the space were 10-15% of the total sales on these stores. The suppliers provided fruit directly from the fruit and vegetable wholesale market (Mandi) of Lahore and they have had their own specified selective commission agents in the Mandi who provided them fresh fruits. The Suppliers of fruits did not follow any specific grading system of mangoes while displaying fruit for sale in the super stores. The main elements that a supplier kept in mind for selling mangos on these stores were that the fruit should be clean and fully ripped. Prices for mango were found very high on some of the stores especially situated in the Defense area when compared with the open market. When inquired about the reason, the manager of a Super Store said,

“In this area people bother least about prices. They prefer to purchase good quality fruit (Mango) under conducive shopping environment and feel proud in shopping from our store”.

Customers visiting these stores generally belonged to the higher income group. on an average monthly income of a customer was above Rs.60,000. Average sales in these stores were 150 kg to 200 kg per day except in Makro where average sales volume of mango was 400-500 kg per day. Makro has established its own purchase department and appointed specified supplier for the fruit in the wholesale fruit and vegetable markets. Sindhri, Chaunsa, Anwar Ratool and Dushari were the main selling varieties in all these stores. Wastage rate of mango was around 4-5 % of total sales. Almost all stores sold out spoiled fruits to some juice shops at lower prices. Some super stores disposed off this wastage free of cost to the lower staff of their stores such as sweepers. Prices varied from Rs. 35 per Kg to Rs. 80 per kg in these stores for almost same quality of mangos. The reason for high variation in prices was mainly the location of the stores. Suppliers reported that they faced difficulties in buying good quality mangos from the Mandi. If quality was good they could increase their sales three times. The share of mango in the total fruit sale was almost 80% in the peak season and about 50% at the end of the season. The busy shopping hours were the evening time, from 5-9 pm.

Majority of the customers reported that they bought fruits from these stores because they were able to purchase other necessary items under one roof. As such they felt comfort in

buying fruits from there. However they opined that the fruit quality did not match with the price they had to pay. Most of the respondents remarked that they visited a particular store due to its nearness to their residence. Average consumption of mango of a family of 5-8 members was 3-4 Kg per day. Customers reported that the quality mango should be characterized as clean, medium in size and give a fresh look. Majority of the customers in these stores came from high-income earning group except Makro where low income earning group was also found.

DOMESTIC MARKET RESEARCH AT FAISALABAD

The research at Faisalabad was undertaken during the month of May 2007. Superior fruit outlets at Faisalabad are not like that established at Karachi and Lahore. There are specialized fruit shops that sell quality fruits in different areas of the city. These shops are commonly known as Superior Fresh Fruit outlets in Faisalabad. Eight best fruit shops located in different parts of the city were identified and their owners interviewed. Ten customers of each shop were interviewed randomly. Information on their purchasing pattern like money spent per week on fruit consumption, reasons for selection of a particular shop for fruit purchase, perception about good quality mangoes and customer's satisfaction level against the price paid for good quality mango was ascertained by interviewing the customers.

Fifty percent of the retailers had their own shops while fifty percent of the fruit outlets had occupied the Municipal Corporation's space. Nevertheless they paid rent for that space to the Municipal Corporation. All retailers purchased fruits directly from the Fruits and Vegetables wholesale Market (Sadhar Mandi). They bought fruits in an open auction in the Mandi and brought the fruit to their shops either on a vehicle by paying its fare or on cart load. The owners of the fruit outlets graded the purchased fruit themselves according to size and ripeness and fixed different prices for different grades of fruits. The sales volume in value terms for all types of fruits averaged between Rs.8000 to 12000 per day. During the mango season, 40% of the reported sale volume was of mango. Majority of the retailers reported that supply source was the major factor that effected their sales volume and overall growth of business. If good quality mango of medium and uniform

size, without blemishes on the skin of fruit, good in color were available from the 'Mandi' their wastage rate were minimum. Wasted mangoes were disposed off to some juice shops at very low prices almost as low as 75% of their original selling price. Retailers reported that there was high demand for good quality mangos. Majority of their customers were ready to pay good price for quality mangoes, they remarked.

Majority of the customers fell in an income bracket ranging between Rs. 15000 to Rs. 25000 per month. They spent Rs. 500 to Rs.800 per week on fruit purchase. During the mango season major part of their total fruit consumption was on mango. Majority of the customers reported that they had selected particular fruit outlet due to availability of good quality mangoes, multiple varieties of mangoes, attractive display of fruits, and accurate weighing of the purchase. Regarding good quality mango, majority of the customers perceived quality as "a fully rippled, a fresh looking, fairly priced and exhibiting true color of specific variety". Customers reported that they got maximum satisfaction in paying price for fruits purchased from these fruit-outlets. Almost all customers appreciated the need for the opening of Superior Super Markets at Faisalabad on the pattern as found at Karachi and Lahore.