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An Analysis of Retail Stock Levels and Pricing Factors of ITC Connect

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Field period: 18 May–18 July 2026 | Study setting: Chh. Sambhajinagar distribution territory, Maharashtra

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ABSTRACT

This paper examines retail-level factors associated with the stock position and observed pricing of ITC Connect (identified in the source report with the Classic Connect variant) in a defined Maharashtra distribution territory. It synthesises a 70-outlet baseline audit, a reported expansion to more than 400 outlet visits, an illustrative five-outlet price extract, outlet-visibility classifications, documented retailer feedback and correlation results contained in the source OJT report. In the 70-outlet baseline, 341 units of Connect were recorded, compared with 547 units of the field-study competitor, “Stellar Shift”. Average stock was 4.87 units per outlet for Connect and 7.81 for the competitor; the competitor reportedly held more stock in approximately 80% of audited outlets. In a five-outlet illustrative extract, average observed prices were ₹28.20 and ₹20.60 respectively, a difference of ₹7.60. High-visibility outlets had somewhat higher average Connect stock than low-visibility outlets. The source report also records negligible or weak negative correlations between Connect stock and competitor stock. These observations indicate a multi-factor retail-execution issue involving price, availability, distributor service, retailer economics, visibility and demand. They do not establish that price alone caused the stock gap. The paper concludes with evidence-linked recommendations and identifies the need for a validated outlet-level dataset and a stronger longitudinal design.

Keywords: retail stock, pricing, distribution service, outlet visibility, retailer behaviour, FMCG, field research

Source note. This paper is an analytical synthesis of the supplied 73-page OJT report. It does not introduce new field observations or questionnaire results. The competitor label “Stellar Shift” is retained as used in that report.

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1. INTRODUCTION

Retail execution is a key link between distribution reach and consumer purchase. A product may be available within a company's distribution network yet show lower stock at individual outlets because of differences in price perception, replenishment, retailer preference, visibility or demand. The source OJT report investigates this issue for ITC Connect through outlet visits, stock observation, price recording and retailer interactions in a defined territory.

The initial audit covered 70 outlets selected from the top-performing outlets on the routes described in the report. It recorded 341 units of Connect against 547 units of the competing product labelled "Stellar Shift". The competitor reportedly had higher stock in approximately 56 of the 70 outlets (about 80%). The gap raises a practical question: which retail-level factors should be investigated before management chooses an intervention?

The category context matters. The source report describes cigarettes as a highly regulated category with intense competition, tax pressure and restrictions on conventional advertising and promotion. Under such conditions, distribution reliability, price execution, compliant product visibility and retailer relationships become important operational levers. The study is territory-specific and should not be interpreted as a national market-share assessment.

1.1 Research problem

Connect had a lower stock position than the observed competitor in the selected baseline. The project therefore examines whether the observed pattern is consistent with a combination of retail price differences, availability and servicing, retailer economics, visibility and consumer demand, rather than assuming a single explanation.

1.2 Research objectives

- To describe the stock position of Connect compared with the field-study competitor in the 70-outlet baseline.
- To identify retail-level factors associated with stock and product movement, including price, availability, distributor service, retailer preference and visibility.
- To interpret the observed price difference and available correlation results cautiously.
- To propose practical, measurable improvements to outlet-level monitoring and distribution execution.

1.3 Research questions

RQ1: What stock difference was recorded in the baseline audit? RQ2: Which factors recur in the documented retailer feedback and visibility analysis? RQ3: What conclusions can and cannot be drawn from the price extract and correlation analysis? RQ4: Which operational actions are supported by the evidence?

2. THEORETICAL BACKGROUND AND CONCEPTUAL FRAMEWORK

The source report draws on pricing, consumer behaviour, channel management and the marketing mix. These perspectives are useful as interpretive frameworks, but the field design does not test a complete causal model.

2.1 Price sensitivity and perceived value

Pricing theory suggests that buyers may compare alternatives more actively when products are close substitutes and the price gap is noticeable relative to the transaction value. The source report observed Connect commonly around ₹25–30 and the competitor around ₹20. Its illustrative five-outlet extract produced average observed prices of ₹28.20 and ₹20.60. This difference makes price a relevant hypothesis to monitor; it does not prove that price caused the stock difference or that a price reduction would be the best response.



2.2 Availability and distribution service

Stock-outs can prevent a purchase at the moment of need and create an opportunity for substitution. Distributor visit frequency and replenishment reliability may influence the availability of the product at the outlet. The report's retailer-feedback themes identify service and availability as recurring concerns, although the complete respondent-level dataset is not available for independent re-analysis.

2.3 Retailer behaviour and visibility

Retailers allocate limited space and attention based on perceived demand, margin, service reliability and ease of replenishment. Visibility can support discovery and availability at the point of sale, subject to applicable legal and company requirements. The source report's descriptive comparison shows slightly higher average Connect stock at high-visibility outlets; because the study is observational, this relationship should not be interpreted as proof that visibility caused higher stock.

2.4 Conceptual framework

Factor	Possible pathway described in source report	Available evidence
Price / price gap	May affect perceived value and stocking decisions	Observed ranges; illustrative five-outlet extract
Availability / service	Influences whether product is available at purchase	Stock audit and qualitative retailer feedback
Retailer economics	Margin and sell-through perceptions may affect stocking	Qualitative feedback themes
Visibility	May affect attention and shelf/counter presence	Average stock by visibility category
Consumer demand / loyalty	May influence repeat demand and switching	Retailer-reported themes; no validated survey results

The outcome—retail stock position—is an imperfect proxy for product movement. Stock can rise after a delivery, while low stock can reflect either strong sell-through or weak replenishment. This distinction is central to interpreting the findings.

3. RESEARCH METHODOLOGY

3.1 Research design

The source project uses a descriptive, project-based field research design. It combines quantitative stock and price observations with qualitative retailer feedback and secondary context from company and academic materials. No variable was experimentally manipulated; therefore, causal conclusions are not justified.



3.2 Setting, period and coverage

Method element	Details recorded in source report
Organisation / product	ITC Limited; ITC Connect / Classic Connect as described in the source
Study period	18 May to 18 July 2026
Baseline sample	70 outlets; ten top-performing outlets per route as described
Expanded fieldwork	More than 400 outlet visits reported; complete outlet-level dataset not supplied
Evidence types	Stock, observed price, route information, visibility, retailer feedback and correlation summaries
Analysis	Counts, averages, ranges, percentages and Pearson correlation as reported

3.3 Sampling and evidence quality

The 70-outlet baseline was purposive rather than a random sample. It is useful for describing the selected outlets but is not statistically representative of all retailers or the national market. The reported 400+ outlet coverage gives broader field context, but the source report states that a validated, complete respondent-level dataset was not available in the final file set. The five-outlet price extract is illustrative only.

3.4 Measures and analysis

Stock was recorded as units physically observed at the outlet. Price comparisons use observed retail selling prices, which may vary by outlet and visit time. Visibility was classified as high, medium or low. Correlation coefficients reported in the source were approximately −0.02 for Connect stock versus competitor singles, −0.10 versus competitor duos, and −0.08 versus combined competitor stock; the report states p-values above 0.1. These statistics are reproduced as reported and were not recalculated from raw data.

3.5 Ethical and analytical safeguards

The source uses the pseudonym “Stellar Shift” for the competitor. No missing survey frequencies, chi-square tests or regression results are invented in this paper. Outlet-level stock is treated as a point-in-time measure, not as verified sales or sell-through. The source report also contains some variation in route labels and territory naming; this paper follows the summary figures rather than attempting to reconcile records that are not fully available.

4. RESULTS AND DISCUSSION

4.1 Baseline stock comparison

Indicator	ITC Connect	Stellar Shift
Total stock in 70-outlet baseline	341 units	547 units
Average stock per outlet	4.87 units	7.81 units
Outlets where competitor stock was higher	—	Approximately 56/70 (80%)

The competitor’s average stock was about 1.60 times Connect’s average stock (7.81 ÷ 4.87). This is a clear descriptive gap within the selected baseline. It is not equivalent to a 1.60-times sales or market-share difference because stock is only a point-in-time observation.



4.2 Observed price difference

Price measure	Connect	Stellar Shift	Difference
Commonly observed field range	Approx. ₹25–30	Approx. ₹20	Approx. ₹5–10
Illustrative five-outlet average	₹28.20	₹20.60	₹7.60

The illustrative average price gap of ₹7.60 is approximately 36.9% of the competitor's average price (₹7.60 ÷ ₹20.60). This calculation is specific to the five-record extract and must not be generalized to the full 400+ outlet coverage.

4.3 Stock by visibility

Visibility category	Average Connect stock	Share of classified outlets
High	5.09 units	50.0%
Medium	4.74 units	32.9%
Low	4.50 units	17.1%

Average Connect stock was modestly higher in high-visibility outlets than in low-visibility outlets. The difference is descriptive and may reflect other factors, including demand, retailer stocking patterns or route service.

4.4 Correlation analysis

Relationship reported	Pearson r	Source interpretation
Connect stock vs competitor singles	≈ −0.02	Negligible relationship
Connect stock vs competitor duos	≈ −0.10	Weak negative relationship
Connect stock vs combined competitor stock	≈ −0.08	Negligible relationship

The source report states that p-values were above 0.1. The reported results do not show a strong inverse relationship between Connect stock and competitor stock. Therefore, the observed gap should not be described as a simple one-for-one replacement pattern. Independent demand, order cycles, shelf constraints and service differences may contribute, but these explanations were not isolated statistically.

4.5 Retailer feedback themes

Theme	Pattern recorded in the source report
Price	Some retailers described Connect as expensive relative to the alternative.
Availability / stock-outs	Intermittent availability was mentioned; stock-outs were associated with substitution in reported feedback.
Retailer economics	Retailers raised margin, incentives or trial support as possible considerations.
Distributor service	Differences in visit frequency and replenishment were reported as relevant.

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Visibility / competitor activity	Competitor visibility and activity were described as contributing to demand in some outlets.
Consumer demand	Feedback was mixed: some outlets described loyal demand, others fewer explicit requests.

4.6 Integrated discussion

Three evidence streams converge on a multi-factor diagnosis. First, the 70-outlet audit establishes a descriptive stock disadvantage. Second, the illustrative price extract shows a meaningful observed price difference that warrants careful monitoring. Third, retailer feedback and the visibility comparison suggest that service reliability, retailer economics, visibility and demand may also matter. The weak correlations caution against assuming that the competitor's higher stock directly displaced Connect outlet by outlet.

The evidence supports a targeted diagnostic approach, not an automatic across-the-board price response. It also does not establish the effect of any intervention, because the MRP-related activity was not a controlled experiment and verified sell-through data were not provided.

5. MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

The following recommendations are derived from the source report and are framed as testable operational actions. Any execution in the cigarette category must comply with applicable law, company policy and restrictions on promotion and display.

Priority	Recommended action	Implementation approach	Suggested measure
1	Improve service to weak-stock outlets	Flag outlets with low stock or repeated stock-outs; compare last visit and route plan; review replenishment consistency.	Stock-out incidence; service frequency; average stock
2	Monitor MRP and actual selling price	Record printed MRP, actual observed price, outlet and visit date in periodic checks; investigate unusual variation.	Share of checks with price variance; variance by route
3	Use structured retailer feedback	Ask short, consistent questions on availability, service, demand, margin concerns and competitor activity.	Feedback completion; recurring issue categories



Priority	Recommended action	Implementation approach	Suggested measure
4	Create an outlet-level dashboard	Maintain a standard record for route, outlet code, stock, price gap, visibility, stock-out and last service date.	Data completeness; flagged outlets resolved
5	Review visibility at weak outlets	Where lawful and authorised, review placement and visibility alongside availability and service; avoid assuming visibility alone will fix movement.	Visibility category and stock trend over time

5.1 Monitoring and evaluation

A monthly review can compare the baseline indicators with subsequent observations: average Connect stock, competitor-to-Connect stock ratio, stock-out incidence, observed price variance, service frequency and outlet visibility. Results should be segmented by route and outlet rather than aggregated only at territory level. Before claiming improvement, the team should define the baseline, follow-up period and data-quality rules.

5.2 Suggested follow-up research

A stronger follow-up design would include a validated outlet-level dataset, repeated observations across several months and verified sales or sell-through measures. If the business wants to estimate which factors are most strongly associated with movement, the study could collect comparable data on price, stock-outs, service visits, visibility, retailer feedback and demand, then use an appropriate multivariable analysis. A pre/post design could evaluate a defined service intervention, provided comparison conditions and potential confounders are documented.

6. CONCLUSION, LIMITATIONS AND REFERENCES

6.1 Conclusion

The supplied OJT report documents a clear stock disadvantage for ITC Connect within a selected 70-outlet baseline: 341 units and an average of 4.87 units per outlet, compared with 547 units and 7.81 units for the field-study competitor. The competitor reportedly had higher stock in about 80% of audited outlets. A five-outlet illustrative extract shows an average observed price difference of ₹7.60, while high-visibility outlets carried somewhat higher average Connect stock than low-visibility outlets. Reported correlations between Connect and competitor stock were negligible or weakly negative.

Taken together, these results are consistent with a multi-factor retail-execution issue involving price, availability, distributor servicing, retailer economics, visibility and demand. They do not prove that price alone caused lower stock, that stock equals sales, or that the findings represent the national market. The most defensible managerial response is to improve outlet-level diagnosis, service reliability, compliant price monitoring, retailer feedback and data quality, and then measure whether the indicators improve over time.

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6.2 Limitations

The baseline sample was purposive and focused on top-performing outlets; the study covered one territory and a two-month OJT period. The full respondent-level file for the reported 400+ outlet visits and a validated questionnaire response sheet were not available in the source material. The five-outlet price extract is illustrative. Point-in-time stock is not a direct measure of sell-through, and the observational design does not support causal claims. The source report also varies in some route labels and territorial naming; this paper avoids resolving such inconsistencies without underlying records.

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Primary source: Khandalkar, A. (2026). *A Study on Factors Driving Sales and Retail Pricing Practices of ITC Connect* [OJT report, School of Business, Indira University]. The present paper synthesises the source report; secondary references are listed as cited in that report and should be checked against original publications before formal journal submission.