

FAST MOVING CONSUMER GOODS DISTRIBUTORS' SOURCE OF INFORMATION AND MARKETING INTELLIGENCE SYSTEM ON CUSTOMER FEEDBACK.

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ABSTRACT

Distribution channels play a pivotal role in marketing by performing a number of vital distribution functions. Firms rely mostly on their marketing channels to generate customer satisfaction and to achieve differentiation over competition. The major area of concern for companies is to make their products available in the remotest corners of the 6 lakh villages in the country. This goal is not easy to achieve and the major companies are incurring huge costs to make their products available in the 3.5 million rural outlets. It is a challenge for any company to design a distribution model that is cost effective and that meets the growing demand from the rural market. There are a whole lot of channels involved in the distribution network. FMCG distribution has the maximum channel partners in the Indian market. There is seldom a clear-cut distinction between wholesalers and retailers, particularly in the feeder markets where often retailers act as wholesalers and vice versa to sell to small retailers who come from surrounding villages. In some cases, dealers have been able to build up their wholesale business to a substantial level. Some town retailers send their salesmen to villages to book orders and supply goods to these small retailers. According to American Marketing Association, marketing is defined as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (Keefe, 2007). The marketing concept does not focus on one aspect of marketing, but recognizes the roles of non-marketers in the marketing process such as customers, vendors, or external agencies who regulate marketing. While marketing centers around satisfying customer needs, an organization would often face the requirement of obtaining information on customer needs.

Keyword: - Marketing intelligence, Distributors' intelligence, FMCG, Customer Feedback, Source of information

1. INTRODUCTION

According to American Marketing Association, marketing is defined as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (Keefe, 2007). The marketing concept does not focus on one aspect of marketing, but recognizes the roles of non-marketers in the marketing process such as customers, vendors, or external agencies who regulate marketing. While marketing centers around satisfying customer needs, an organization would often face the requirement of obtaining information on customer needs. Marketing intelligence helps organizations in this process and revolves around gathering customer level information that would assist in business decision making and policy analysis (Aaker et al., 2009). Competitive intelligence provides knowledge of competitors, their marketing strategies, objectives, research activity, their strengths and weaknesses and other information.

The concept of intelligence is the part of business strategy, which is attended as an effort for increasing the competitive abilities and strategic programming processes (Juhari and Stephens, 2006). It has been called as a background for strategic programming through the existing literature about intelligence (Dishman and Calof, 2008), which causes to improve the competitive power of the company and processing its strategic plans (Juhari and Stephens, 2006). The marketing intelligence is to prevent the astonishments and the employees' inability against to the environmental changes and to reduce and minimize the company's exposed to danger (Johns and Van Doren, 2010). The concept of intelligence and marketing intelligence is improving in the scientific space of college and business world because

"The marketing intelligence is one of the important strategic agents of an organization and is the key to success in market"- Lackman, (2006)

According to Lackman, the marketing intelligence is the vital thing for an organisation which strives to attain competitive advantage through which the success of the organisation is determined in the present scenario. This research has been designed to understand the need of FMCG distributors' marketing intelligence through which their competitive advantage can be improved so that they can develop the distributor – organisation fit.

Today the concept of the intelligence is considered as a process that improves the competitiveness and the strategic programming (Sammon and et al., 2004) .

Huster (2005) expresses that, today the third wave of the changes in the business world has been started, which no doubt the marketing intelligence is its base. Organizations are faced with different environmental changes. Changes are happened so fast that, if organizations don't prepare themselves, their survival will be in danger. A new apparatus which helps the organizations to reach a suitable place in today's environment is the use of marketing intelligence.

A "marketing-intelligence system" can be understood as a set of procedures and sources used by managers to access everyday information about developments in the marketing environment (Kotler, 2000) .Distribution channels play a pivotal role in marketing by performing a number of vital distribution functions. Firms rely mostly on their marketing channels to generate customer satisfaction and to achieve differentiation over competition. The major area of concern for companies is to make their products available in the remotest corners of the 6 lakh villages in the country. This goal is not easy to achieve and the major companies are incurring huge costs to make their products available in the 3.5 million rural outlets. It is a challenge for any company to design a distribution model that is cost effective and that meets the growing demand from the rural market. There are a whole lot of channels involved in the distribution network. FMCG distribution has the maximum channel partners in the Indian market. There is seldom a clear-cut distinction between wholesalers and retailers, particularly in the feeder markets where often retailers act as wholesalers and vice versa to sell to small retailers who come from surrounding villages. In some cases, dealers have been able to build up their wholesale business to a substantial level. Some town retailers send their salesmen to villages to book orders and supply goods to these small retailers.

2. REVIEW OF LITERATURE

(Morgan and Hunt, 1994) define commitment as the desire by a party to a business relationship to maintain and strengthen that relationship. The understanding that commitment is crucial to the long-term success of a business relationship provides one of the core concepts in the understanding of organizational success. Commitment provides the basis for a cooperative spirit in marketing channel relationships and leads to an overall stronger partnership. The highly committed distributor is more likely to provide market intelligence to the manufacturer based on the trust that has built up in the relationship.

Even more important in today's distributor channel is the willingness to market only a single manufacturer's family of products, or, alternatively, if multiple product families are available, the distributor partner will actively promote the manufacturer that has instilled commitment in the distributor's organization. The theme of a long-term relationship and continuing strength in a committed relationship is a recurring theme in many works investigating commitment in marketing channels.

The building of organizational commitment requires the evaluation by the distributor personnel of the associated rewards and costs that such a commitment brings to the relationship. As the length of the relationship grows, the rewards and cost of participation also expand. It is the distributor partner that must collectively, as an organization, determine if the rewards outweigh the cost, and the partnership typically continues if this proves to be the case. The various factors determining the commitment level may range from an influential individual to the entire organizational team. In many cases, the values and goals held by one faction are in no way consistent with the values and goals of other factions. Reichers states, "It seems likely that employees in organizations are committed, in varying degrees, to several distinct sets of goals and values—those expounded by top management as well as those espoused by customers and other relevant publics (p. 470)." It is generally accepted that numerous organizational constituencies act as players in determining commitment levels within distributor organizations.

Williamson (1985) defined opportunistic behavior as "the organization intentionally transmitting incomplete or twisted information to others that would mislead, twist, hide and confuse other people". Opportunistic behavior is not only cheating openly, but also adopting a more insignificant method but still have the purpose of leading people to go the wrong way, twist the truth, pretend and create confusion. In the research of trust and commitment between customers and the e-bank industry, Mukherjee and Nath (2003) proposed a negative correlation between opportunistic behavior and trust. The result found that opportunistic behavior and trust has a significant negative.

Anderson, Lodish, and Weitz 1987 offer the strongest support for the product offering augmenting commitment level and, in turn, allocation of effort to the manufacturer's product line. However, as previously mentioned, even in this study, product salability was relegated to a secondary position. Proposing to fully understand commitment in general in these partnerships without considering product salability seems incongruent to the very purpose of the relationship. The main contribution this study makes to the literature concerning the

determinants of commitment in the distributor manufacturer partnership resides in the elevation of product salability factors to the level of model determinant. The study will demonstrate the need to consider product issues and realities when evaluating commitment levels in industrial trade relationships

3. OBJECTIVES OF THE STUDY

The objectives of this study are

- To study and explore the distributors' involvement on marketing intelligence system.

4. RESEARCH METHODOLOGY

The study is a descriptive research which involves probability convenience sampling method. The data is collected using a well-structured questionnaire. Pilot study is made to determine the validity and reliability of the contents of the questionnaire. The minimum sample size required is determined using the formula $n = (z^2 * S.D.^2) / e^2$

Where, n- Minimum number of samples necessary for the study, Z-confidence level, S.D. - Standard deviation obtained from pilot study and e-Allowable error term. The questionnaire is distributed to 300 samples. 220 valid questionnaires were returned. The data collected using questionnaires are analyzed using appropriate statistical tools such as Garrett ranking method and the distributors' preference on the components of marketing intelligence system was displayed using word cloud.

5. ANALYSIS AND INTERPRETATION

The distributors' preference of sources of information on sales forecast. From the obtained mean values, the highest mean value obtained factor has been given the rank of 1 and the lowest is 8. In order to apply Garrett ranking each factor has been ranked by the respondents between the ordinal values of 1 and 9.

Table 5.1: The distributors' preference of sources of information on customer feedback

Rank Scale (x)	I	II	III	IV	V	VI	VII	VIII	IX	Total respondents	Total Score	Mean score	Rank
Factors	80	69	62	56	50	44	38	31	19				
Internal Employees	14	27	28	33	20	20	28	27	15	212	10633	50.15566	4
	1120	1863	1736	1848	1000	880	1064	837	285				
Industry Events	15	31	23	21	18	31	21	24	28	212	10279	48.48585	7
	1200	2139	1426	1176	900	1364	798	744	532				
Customers	23	21	19	25	12	31	27	27	27	212	10207	48.14623	8
	1840	1449	1178	1400	600	1364	1026	837	513				
Company data	32	13	28	26	32	19	24	23	15	212	10995	51.86321	2
	2560	897	1736	1456	1600	836	912	713	285				
Print Publications	25	20	25	12	41	22	21	14	32	212	10460	49.33962	6
	2000	1380	1550	672	2050	968	798	434	608				
Retailers	37	27	29	22	13	14	19	26	25	212	11122	52.46226	1
	2960	1863	1798	1232	650	616	722	806	475				
Media News	21	31	25	21	27	27	15	23	22	212	10784	50.86792	3
	1680	2139	1550	1176	1350	1188	570	713	418				
Research agencies	19	18	16	36	22	22	28	27	24	212	10195	48.08962	9
	1520	1242	992	2016	1100	968	1064	837	456				
The Internet	26	22	21	18	25	26	29	21	24	212	10511	49.58019	5
	2080	1518	1302	1008	1250	1144	1102	651	456				
Total	212	210	214	214	210	212	212	212	212				

From the obtained mean values, it is understood that Retailer was ranked as one with the mean value of (52.46), Company data (51.86) was chosen by the distributors as second source and Media News (50.86) was the third choice by the distributors. Internal Employees (50.15) was ranked as fourth by the distributors. The Internet (49.58) was considered as fifth source for the sales forecast. From the mean score of (49.33), Print Publications was the sixth source for the sales forecast. The distributors have considered Industry Events (48.48) as seventh source for sales forecast. Customer (48.14) was chosen by the distributors as eighth rank. Eventually Research agencies (48.08) was considered ninth factor by the distributors.

6. DISCUSSION AND CONCLUSION

This study has revealed the fact that distributors' involvement towards marketing intelligence system which has become essential. Their preference of sources of information on customer feedback has been found that company data is the most preferred data whereas industry events are least preferred by the companies. Other components of sources of information and the corresponding customer feedback show that the distributors are not adopting marketing intelligence regularly. This study also explored the distributors' preference on the source of information that they used to collect the customer and market information that would help them to take suitable decisions in terms of the situations. The study focuses to reveal the distributors' preference and their pattern of gathering information and analyzing the information on the regular basis. From the garet ranking method, it is found that distributors prefer the internet for the sources of information collection in order to develop the marketing intelligence system through which the distributors' decision making can be well framed and take reliable decisions. Even though the research agencies was ranked number one for two sources, It was least preferred for other categories.




From the word cloud of the open ended questions asked for the sources of information for marketing intelligence, it is found that internet; mobiles are the most important factors that need to be included for the data gathering for the purpose of marketing intelligence system.

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BIOGRAPHIES

	<p>Highly interested in research and analytics.</p> <p>Assistant professor in Management, 6 years of experience with NET and SET qualification. Has acquired PhD in Marketing intelligence.</p>
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