

IMPORTANCE OF DISTRIBUTION CHANNELS - MARKETING CHANNELS

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ABSTRACT::

The paper starts from the importance of distribution and distribution channels and mutual relationships of the participants in them. Development of distribution channels based on the concentration processes and integration of functions is emphasized. In this context, the position of retail in distribution system is defined in terms of its business units and new elements in their design related to the application of certain business models. The authors try to give hints for finding ways to create new forms of distribution channels and retail business units in the respective national economies. The foundations for such considerations are the theoretical assumptions about the development of new forms of retail business units, as well as contemporary problems in the functioning of retail systems in individual countries. The basis for this development lies in new technological possibilities, i.e. opportunities offered by modern information technologies and new understanding of the connection between physical commodity processes. In this sense, modern vertical marketing systems, new business models and multi-channel retailing can be observed.

INTRODUCTION

The channel of distribution is a system that helps bringing products from manufacturer to final customer. Companies use distribution channels to ensure that their product will reach customers at the right time and convenient location. Distribution channels involve intermediary organizations that help in a process to deliver products to end customers.

Channel level is a layer of intermediaries that are involved in process to perform channel tasks. First channel above uses direct distribution method, where products and services and transferred directly from manufacturer to consumer. Both other channels use intermediaries, - retailers and wholesalers to bring their products to final customers.

STATEMENT OF THE PROBLEM

In the present competitive world survival is the fittest is the general rule because of higher the competition .The number of companies are increasing day by day .Though more companies are emerged to provide medicines but still English medicines are not available in the market for some disease .Still customers are prefer Ayurvedic medicines to solve this problem .The availability of medicines depend on the channel of distribution. Since the availability of products in Kerala state, many customers are coming from different place across the country to take medicine and treatment.

OBJECTIVE OF THE STUDY

- To study the performance level of current distribution channel.
- To know the competitive advantage of distribution channel.
- To find out satisfaction level of dealers.
- To analyze credit policy

SCOPE OF THE STUDY

The main scope of the study is to ascertain the effectiveness of channel of distribution and various methods to increase sales volume of the concern .It helps to find out the defects of existing distribution channel. This study helps to suggest a new distribution system to the company .It also helps customers as well as distributors to make available the product at the right time.

RESEARCH METHODOLOGY

Meaning of research methodology

Research in common parlance refers to a search for knowledge. One can also define research as a scientific and systematic search for pertinent information on a specific topic. In fact, research is an art of scientific investigation. The purpose of research is to discover answers to questions through the application of scientific procedures. The main aim of research is to find out the truth which is hidden and which has not been discovered as yet.

Data source

Primary data:

Primary data was collected through questionnaires from agencies and distributors. Conducted a meeting with different distributors and agencies

Secondary data:

The secondary data was collected through the company profile, the company manuals, previous year records and company website

Type of research

- Descriptive research

Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. The main characteristic of this method is that the researcher has no control over the variables; he can only report what has happened or what is happening

LIMITATION OF THE STUDY

- The respondents are biased
- The study conducted only to a limited sample size as the time allotted to us is limited
- The individual perspective appears to be different

- The study was conducted in a limited period

Functions of Distribution Channel

1. Information gathering: Channels gather information about potential and current customers, their behavior, competitors and other forces which affect the business.
2. Consumer motivation: Channels develop and transmit communication to motivate consumers in buying the product.
3. Placing orders: Middlemen place orders with producers on behalf of consumers for the product they need. Later they sell these products to the consumers. Thus they bridge the gap between producers and consumers.
4. Bargaining: Middlemen reach agreement on price and other terms with the consumer on behalf of the producer. In this way transfer of ownership takes place.
5. Financing: It finances inventories at different levels of marketing.

FACTORS CONSIDERED IN SELECTING CHANNELS

1. Nature of product:
2. Nature of market:
3. Buying habit of consumers:
4. Company:
5. Middlemen:
6. Cost of channel:
7. Competition:
8. Marketing environment:

LEVELS OF CHANNEL

This indicates the number of intermediaries between the producer and consumers. The fewer the intermediaries, the shorter the channel. This is also known as channel level. There are four channel levels. They are:

1. Zero level channels: This is also called direct marketing channels. This channel consists of manufacturer and consumer. There are no intermediaries at all. The manufactures sell directly to consumer. The major ways of direct marketing are door to door, home parties, mail order, telemarketing, company's own showrooms etc. It is found effective for marketing of industrial goods. Eureka Forbes sell their vacuum cleaners through salesmen at the door steps of consumers. Beta Shoe Company directly markets its products to the final consumers by itself.
2. One level channel : This contains one selling intermediary such as retailer. This is used by manufactures for marketing fashion merchandise. It requires to know the latest trends and fashions of consumers.
3. Two level channel : This contains two intermediaries such as wholesaler and retailer.
4. Three level channel : This contains three intermediaries. For example, in the meat packing industries,

wholesalers sell to jobbers, who sell to small retailers.

Higher level marketing channels are also found. In Japan food distribution may involve as many as six levels.

COMPANY PROFILE

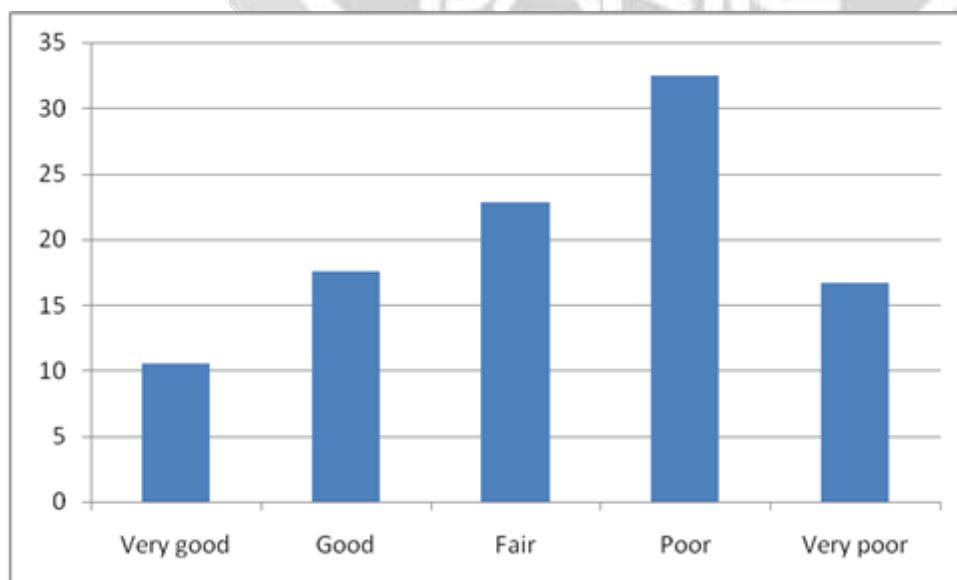
The Arya Vaidya Pharmacy, was established on 12 July 1943 ,and its humble beginning in a small rented building on Trichy Road,Coimbatore.On 1 April 1948 The Arya Vaidya Pharmacy (Coimbatore) was registered as a Public Limited Company. Arya Vaidyan P.V Rama Varier is the founder of the Arya Vaidya Pharmacy (Coimbatore) ltd. He was born in 1908 and expired in 1976. He was a trusted discipline of Vaidya Ratnam P.S Varier. I t was under the guidance of his preceptor. He was trained in the treatment of illness and preparation of medicine. Further he was given the independent charge of the Calicut Branch of Kottakkal. Arya Vaidya Sala in 1930, which he continued till 1943. It was after resigning from their he set out on his new venture. “The Arya Vaidya Pharmacy (Coimbatore) ltd.”

ANALYSIS AND INTERPRETATION

Opinion about the distribution system of the company

Number of responses	Number of respondents	Percentage (%)
Very good	12	10.5
Good	20	17.5
Fair	26	22.8
Poor	37	32.5
Very poor	19	16.7
Total	114	100

Fig 3.5: Opinion about the distribution system of the company



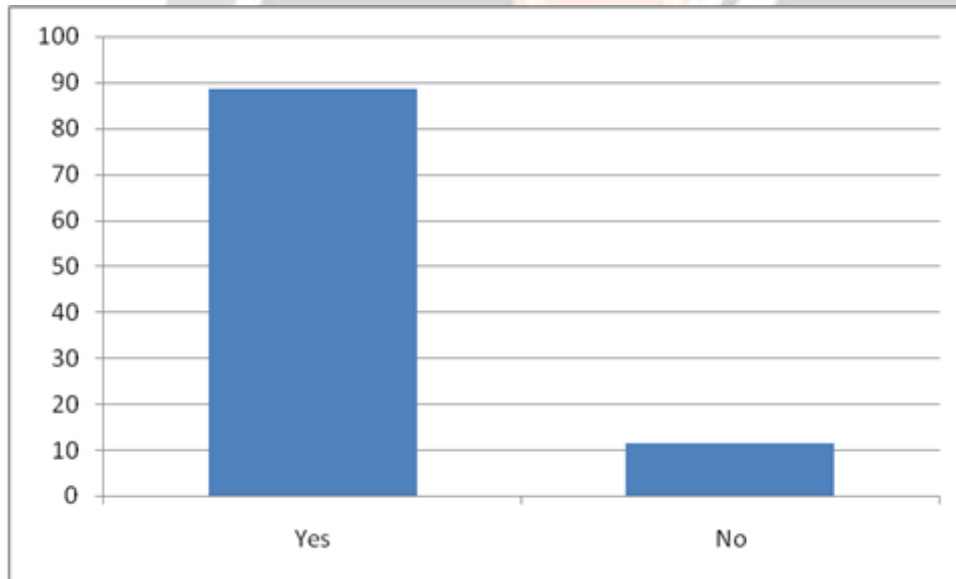
INTERPRETATION

The table shows 32.5% of the respondents have poor opinion about the distribution system of the company, 22.8% of the respondents have fair opinion about the distribution system of the company, 17.5% of respondents good opinion about the distribution system of the company, 16.7% of respondents have very poor opinion about the distribution system of the company, 10.5% of the respondents have very good opinion about the distribution system of the company.

Table 3.6: Do you have any sub dealers

Number of responses	Number of respondents	Percentage (%)
Yes	101	88.6
No	13	11.4
Total	114	100

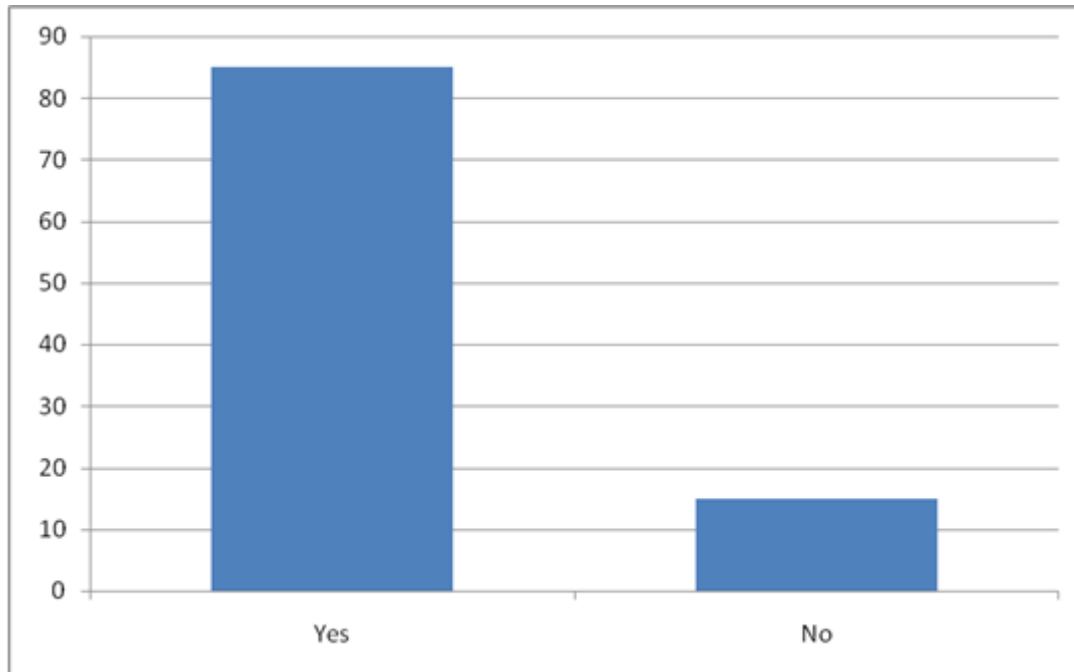
Fig 3.6: Do you have any sub dealers



INTERPRETATION

The table shows 88.6% of the respondents have sub dealers, 11.4% of the respondents have no sub dealers.

: Do you agree that the distribution channel length is to be increased.



INTERPRETATION

The table shows that 85.1% of the respondents opines that the distribution channel length is to be increased, 14.9% of the respondents opines that the distribution channel length need not to be increased.

SUGGESTIONS

- As per the findings the delivery pattern of the products after order made by the dealer is very poor. Hence company has to ensure the delivery pattern effectively.
- Company need to focus more on accurate services. The study shows that the service provided by the company is below average based on this study.
- Credit policy to the dealers is fair. Hence company need to consider some extend of the credit policy to ensure more movement of the product.

CONCLUSION

Ayurveda is a monumental contribution of India to the world. With increased level of consumer income and awareness regarding healthy lifestyle, concern for Ayurveda is on the rise.