

DISTRIBUTION CHANNEL AND ITS IMPACT ON PRODUCT AVAILABILITY

(A Case Study of Livecare Nepal Pvt. Ltd.)

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I hereby declare that the work done in this thesis entitled "Distribution Channel and It's Impact on Product Availability (A Case Study of Livecare Nepal Pvt. Ltd.)" submitted to Birendra Multiple Campus, Faculty of Management, Tribhuvan University is my original work. It is done in the form of partial fulfillments of the requirement of the degree of Master of Business Studies (M.B.S.) under the supervision and guidance of Mr. Damodar Poudel, Lecturer of Birendra Multiple Campus.

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ABBREVIATIONS

\$:	Dollar
%	:	Percent
&	:	And
AD	:	After Death of Christ
AMA	:	American Marketing Association
B.S.	:	Bikram Sambat
Co.	:	Company
Ed.	:	Edition
F.Y.	:	Fiscal Year
FM	:	Frequency Modulation
HRM	:	Human Resources Management
i.e.	:	That is
Ktm	:	Kathmandu
LCNPL	:	Livecare Nepal Private Limited
Ltd.	:	Limited
MBS	:	Master's Degree in Business Studies
No.	:	Number
P.	:	Page
Pvt.	:	Private
Sq. Km.	:	Square Kilometer
TU	:	Tribhuvan University
TV	:	Television
US	:	United States
USA	:	United States of America

CHAPTER-ONE

INTRODUCTION

1.1 Background of the Study

Distribution management means for getting the products to the target. It involves marketing channels and physical distribution. Marketing channels make the product available to the customers. Physical distribution makes the product accessible to the channel members and customers.

Distribution may be defined as an operation or a series of operations which physically brings the goods manufactured or produced by any particular manufacturer into the hands of the final consumers or users. (*Daver, 1997,P-40*)

A marketing channel is identified as involving a series of relationships among organizations and final users to whom marketing effort is directed. Channel of distribution refer path through which goods moves from producers to consumers. (*Devis, 1985,P-407*)

The term channel of distribution refers to the system of marketing institution through which goods and services are transferred from the original producers to ultimate users or consumers. The channel refers to various institutions which perform activities that take products from producers to consumers. (*Agrawal, 1982, P-56*)

A channel of distribution is a group of individuals and institutions that direct the flow of products from producers to customers. The fundamental task of marketing channel is to move goods and services in an efficient manner. The marketing channel involves several individuals and institutions such as suppliers (who supply raw materials, finance,

manpower and machines to the manufacturers and industrial users), manufacturers and industrial users, agents and brokers, wholesalers, industrial distributors, consumers, and industrial users. (*Koirala, 1995, P-56*)

Distribution channel as the set of firms and individuals that take title or assists transferring title to the particular goods or services as it moves from the producers to the consumers. (*Kotler, 2005*)

1.1.1 Brief Introduction of the Organization:

Live Care Nepal Pvt. Ltd is established in the year 2000 A.D. LCNPL, factory is located at Bharatpur municipality-6, Lanku, 4 K.M. from Bharatpur airport. Live care is situated at a prime location at the heart of Nepal (Chitwan). The organization has built a sound base in Nepal since its operation.

In Nepal agriculture is the major occupational field. About 66% Nepalese are involved in agro based industries and agricultural farming. The company has been engaged in the service of poultry and cattle sector for a decade.

The specialties of LiveCare are in the manufacture of quality products to improve and maintain the health & performance of poultry and livestock. The products are now used all over the country ensuring performance and continuing market acceptance.

- **Corporate Philosophy**

Live care Nepal Pvt. Ltd has always been and will remain a pacesetter for the times ahead. LCNPL intend to concentrate on the development of quality feed supplement and cattle product that should prove to be the trend setters for the market. It is our policy to lay maximum emphasis on poultry research programs with a view to develop products which should

prove to be a lasting delight to the connoisseur. LCNPL endeavor will always be compromised on this front.

- **Corporate Vision**

1. Livecare Nepal Pvt. Ltd will always remain a pacesetter in the industry for the times ahead.
2. Livecare Nepal Pvt. Ltd will exert itself and concentrate on the development of new products ensuring top-notch quality.
3. Livecare Nepal Pvt. Ltd. Will always rate the consumer and farmer as supreme and will make all possible efforts to take in to account the like and dislike of them. Our feed supplement product will take place and time accordingly.
4. Livecare Nepal will promote in poultry firm quality through hatchery and big firms.
5. Livecare Nepal Pvt. Ltd considers as it's prime duty to participate and extend positive contribution in the mammoth task of nation building, and to take our loving country forward in to new millennium.

- **Social Commitments**

Livecare Nepal Pvt. Ltd takes interest in the society as a whole. LCNPL have been funding many projects aimed at providing some benefits to the socially and economically deprived sections of the society. LCNPL also extend financial support to individual but the deserving cases. LCNPL special areas of interest where in we have been contributing our own bit are:

- Sponsoring deprived students for their education individually.
- Sponsoring the salaries of individual teachers for educational institutes in local areas.

- Promoting sports activities which contribute to wards enhancement of veterinary hospital and vet camps.
- To arrange for home and shelter for the elderly, discarded and destitute.

- **Quality Control**

Livecare Nepal P. Ltd employs most advanced equipment and techniques in its quality control laboratories. LCNPL labs are manned by highly qualified chemists and lab technicians. LCNPL adopt multi-pronged approach to wards quality control. All reports from the labs are examined by high level officials from the company's management. LCNPL quality control laboratories are one of our most vibrant aspects of our organization. They are our sensory organs.

- **Sales and Marketing**

Success of Livecare Nepal is a matter of meticulous planning at the peak level which is ultimately transformed in to concrete action by a dedicated team of hard core sales and marketing professionals. All marketing policies are formed, scrutinized and thoroughly monitored by head of the marketing in consultation with marketing consultant.

LCNPL sales and marketing professionals are head picked from within the industry and they are invariably people with a proven track record, these professional are they will go to any length to meet their goals. Our sales and marketing professionals are obviously, one of best paid lot in the industry.

- **Distribution Network:**

LCNPL laid sufficient emphasis on effective and timely delivery of goods to the stockiest and distributors. Livecare Nepal has an association with some of the finest and financially sound dealers in the country. Vest

network of whole sellers, semi-wholesalers vendors, distributors ensure a strong team of our consumers.

Rather than depending on the state owned supply system the company has its own fleet of privately owned delivery vehicles. In fact, an ever vibrant supply system developed by live care Nepal is one of the main factor which have contributed towards its success still we do not sit content. Our think tanks keep on devising the new ways and means to make our distribution system more effective.

- **Product Profile**

There are two groups of products:

- A. Poultry
- B. Livestock

- **Products: (For Poultry)**

- 1. Brovit: Specially designed Vitamin feed premix for Broilers.**

This product provides all the essential water soluble vitamins, Fat soluble vitamins and minerals in rational quantity to ensure balanced nutrition. Brovit prevents rickets and dermal infections in broilers. It improves increases weight gain in birds.

- 2. Layvit: Vitamin and mineral feed premix for layers.**

The product ensure the balanced nutrition providing all the essential water soluble vitamins, fat soluble vitamins and minerals. Layvit enhances hatchability and fertility. Builds immunity against diseases, promotes growth and performance.

- 3. Evit-S: This is water soluble Vitamin E.**

The product has vital role in improvement of fertility and hatchability. Further it increases resistance to diseases, reduces stress, mortality particularly in coccidial out break.

- 4. Hepacure:**

This product is manufactured from selected herbs of Nepal. The product is indicated for the fatty liver syndrome, the disease which is common in

every poultry firm. Hepacure protects liver from various diseases and stimulates liver for extra performance. Special feature of this product is to prevent liver insufficiency due to exogenous and endogenous toxins. The product is available in powder and liquid form. Free flowing powder is suitable for feed preparation and liquid is suitable for oral administration through drinking water.

5. Livecal-P: This is a unique formulation of Calcium preparation.

Calcium is inevitable for growth promotion. In Livecal-P, calcium salt is given in water soluble form, which is readily absorbed and meets calcium deficiency. Livecal-P improves weight gain and egg production. Livecal-P is available in liquid syrup form which is easy to administer to the birds through drinking water.

6. Lcvit-A:

This product is water miscible Vitamin-A especially for the poultry birds for hypovitaminosis-A (lack of vitamin A). Deficiency of Vitamin A leads to night blindness, disorders of growth and bone formation, infertility etc. Importance of this product is for skeletal development, improvement of fertility and to increase antibody formation. Prevents birds from various infections, stimulates birds during rearing and laying period and helps to overcome from stress conditions.

7. Livotox:

Poultry feed is being always contaminated with Toxins. This is mainly because of moisture content in feed material, high ambient temperature, humidity and storage of grains after harvesting which results Mycotoxin contamination. The main function of Livotox is to inhibit growth of yeast and mould in feed material and inactivate Mycotoxins. Livotox favors mineral absorption by creating an ideal pH in the bird's intestine thus improves growth rates in broilers and egg production in layers.

8. Doxycol:

This product is an antibiotic product, with a combination of Doxycycline and Colistine sulphate. Doxycol checks severity and frequency of infection like IBD (Gumboro), prevents bacterial count and reduces overall disease problems in the farm.

9. K3SOL: This product is water miscible Vitamin K with Lactobacillus.

K3SOL meets Vitamin K3 deficiencies which protects birds from internal hemorrhage during coccidiosis and minimizes bacterial and viral infection

10. Reholyte:

Reholyte is water soluble oral electrolyte concentrate with Lactobacillus. The product is very useful for chicks during transportation, heat stress, dysentery and diarrhea and in other symptoms of eletrolyre losses in the body. Reholyte provides energy to chicks immediately after administration.

• Cattle Products:

1. Optimin Forte:

This is Vitamins, Minerals mixture with Amino acids for livestock. The product is ideal for increase in milk production. Further it improves fertility and growth through fulfillment of calcium and mineral deficiency.

2. Livecal:

This product is premiere product of Livecare. Livecal is milk yielding product contains Calcium, Phosphorus, Vitamin B12 and Vitamin D3 with amino acids like Lysine and Methionine. It replenishes calcium lost in milk during Lactation, improves metabolism, improves quality of milk providing protein and carbohydrate

3. Pentavit-C:

This is a classic product for Cattle and Poultry birds. Pentavit-C is a combination of five essential vitamins like Vitamin A, D3, B12, Vitamin E and Vitamin C. Pentavit-C removes stress & provides strength during vaccination, deworming and transportation of poultry birds. In poultry it stimulates growth and production as well as reestablishes quickly all the birds in production function. In cattle, this product improves overall physiological conditions. When Pentavit –C is administered along with Livecal, improves milk quality. It prevents night blindness of calf and infertility in cow, buffalo and goat.

The above products are under the category of Feed supplement, which are to be supplemented with the feed to balance the nutritional value. The products specifications are standardized as per international standard. The company is having modern plant & machineries for manufacturing and quality control. Also having adequate production facilities to produce tailor made products as per the requirement the third party.

1.2 Statement of Problem

Livecare Nepal has got five and eleven liquid & powder product respectively (i e Livecal – P , Pentavit- C , Hepacure, Lcvit- A, Pentavit and toxoliv, Layvit, Brovit, Furaliv, Doxycol, Reholyte, Lcdot) and spending a lot in marketing activities but not being able to get marker share as per expectation as compared to it's competitor brand. So at first it intends to find out the design of distribution of livecare , intermediaries used in each structure and also the types and members appointed by livecare further the terms and condition, exercise by livecare for the channel member and support provided by them have also be examined.

Thus, there are many dimensions to be considered on distribution channel selection and there are still many question unanswered, raised by

distribution policy. The research question will find out what sort of limitation or gap have made a culture of distribution management system. The study will tries to answer such question.

- i. What types of distribution channel are used by Livecare Nepal Pvt. Ltd.?
- ii. What are the strengths and weakness point of distribution system adopted by the company?
- iii. What are the relation between the company, distribution channel & consumer?
- iv. What are the impact on sales and channel partner.

1.3 Objective of the Study

The main objective of the study will to evaluate the distribution system of the company under study. In order to get to picture of this and evaluate the extant of contribution made towards distribution system and following specific objectives are adopted.

- i. To examine the distribution practices adopted by the LCNPL.
- ii. To analyze the strengths & weakness of present distribution system adopted by the company.
- iii. To evaluate the channel availability of product.
- iv. To evaluate impacts on sales due to channel partner.

1.4 Significance of the Study

The study will practical, useable, valuable & informative for the major parties intended to engage in distribution channel management.

Distribution plays very important role in marketing in areas of delivering satisfaction to the society, value addition on the product, providing production means and channel of communication and employment to large number of people directly and indirectly involved in distribution of

product. Distribution is a major element in marketing of goods, however it's role in marketing of services is minimum. Producers often treat their distribution system as an asset. They often make large investment to build a distribution system and make regular expenses to maintain and enhance their efficiency. So, researcher also believes the present study deserves some significance of its kind in this field.

It is also be beneficial to the company too. The company can get some information about the current strengths and problems facing by the company can solve the existing problems and capitalize the strengths. Mainly others researchers, management student as well as business communities also get benefit from the research because distribution is often termed as “the others half of marketing” indicating to wards the high weight is receives in the marketing programmer of an organization

1.5 Limitation of the Study

The study possesses from limitation of it's own kind. The limitations of this study are given below.

- i. The study concentrates only distribution channel management of the company. Other aspects of marketing are not considered.
- ii. The study has not taken in to account the distribution channel management policy and strategy of their similar companies.
- iii. The study is reliable to extend the information provided by the company and channel members.
- iv. Simple tools and techniques are used to analyze the study.
- v. Due to time factor there may be deficiency in information.
- vi. Being a student cost of the resources are constraints.

1.6 Organization of the Study

The study will divide in to five chapters.

Chapter I: Introduction

Chapter I concentrate on introduction part of the study. It includes back ground of the study, brief introduction of the company, statement of the problem, objective of the study, significance of the study & limitation of the study.

Chapter II: Review of literature

This chapter mostly consists of two types of review i.e. conceptual review previous research work. Conceptual review provides the concept of marketing management with the theoretical preposition of distribution management review of previous research work includes those thesis, dissertation & articles that are related to distribution channel management. Due to various constraints only important and relevant literatures are reviewed.

Chapter-III: Research Methodology

This chapter contains the research methodology followed to achieve the purpose of this study. It includes research design, nature & source of data, collection method and instrument of data processing.

Chapter IV: Presentation and Analysis of Data:

In this chapter, collected data through various sources have been presented in number of required tables, analyzed & interpreted by the help of various mathematical, statistical & analytical tools & techniques.

Chapter V: Summary, Conclusion & Suggestions

The fifth chapter contains with the summary & find with necessary suggestions for the improvement of the distribution system.

In addition, appendix & bibliography have also been included in the concluding part of dissertation.

CHAPTER-TWO

REVIEW OF LITERATURE

2.1 Introduction

Review of literature is basically a stock-taking of available literature in the field of research. The textual facts would help the researcher to support the research in order to explore the area of relevant and true facts for the reporting purpose. While conducting the research study, previous studies can not be ignored as that information would help to check the chance of duplication in the present study.

2.2 Conceptual Framework

Generally, by marketing we mean the selling and buying of goods and services. The seller will sell the goods and services and, in return, he receives payment from the buyer in the form of money or something else. But, actually, the concept of marketing is much broader than the general people think. (*Shrestha, 1992, P- 1*)

Marketing Management is an important functional area of business management. "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create changes that satisfying individual and organizational goals". (*Kotler, 1999, P-8*) Kotler defines marketing as a human activity directed at satisfying goals of individual and organization through exchange process. Because, in the modern world, a "buyer" is regarded as the "king", since the success or failure of the market largely depends upon the degree of customer satisfaction. The marketer through the exchange process fulfills their needs and wants by integrating various marketing activities like marketing mix

Marketing is considered to be the beating heart of any business organization directed to satisfy customers. “Forty-five years ago Peter Ducker, the most influential business writer of the 20th century, observed that companies exist not to make a profit, but to create and satisfy customers. In a recent interview, he commented that the statement is more true even today because the customers have the ultimate power to choose”. (*Michael & Etzel, 2004, P-9*)

Marketing has gained such an importance because whatever the produced must be sold and it is what brings in revenue. Failure to sell the products leads to a lot of problems like the problem of growing inventory cash problem to pay to the workers, staff and creditors. Problems of capacity utilization and ultimately the problem of running the organization itself. Marketing is important even for the enterprises or industries, which are not facing the problem of selling their production. As rightly pointed out by Stanton, industries faced with shortage will not find their marketing task easier, even though some executives have the short sighted idea of “why spend money on marketing when we can sell all we can produce”. (*William & Stanton, 1978, P-9*)

The accomplishment of the organizational objective is not possible without the marketing potentiality of organization. After the products have been produced, producer must distribute or supply these products to the target markets. In most of the cases, producers use several middlemen or channel of distribution to supply goods and services to the consumption point. Capturing a large share of market along with the fulfillment of other organization and marketing objectives require an effective marketing system. Marketing is the business activities that direct the flow of goods and services from producer to ultimate customer.

Marketing channels or channel of distribution is the system of relationships among the various persons and institutions involved in the process of movement and ownership of products and facilitating exchanges. Distribution logistics is concerned with the physical movement of products. (*Koirala, 1997, P-212*)

A channel of distribution, sometimes called a trade channel, for a product is the route taken by the title to the product as it moves from the producer to ultimate customer or industrial user. A channel always includes both the producer and the final customer for the product, as well as, all middlemen involved in the title transfer. Even through agent middlemen do not take actual title of the goods. They are included as part of distribution channel. Again, this is done because they pay such an active role in the transfer of ownership. (*Stanton & Futrell, 1987, P-314*)

Therefore, distribution channel is also considered as a system of relationships that exists among institutions in the process of buying and selling. It focused in the process of ownership and physical transfer of commodities, products and services. Distribution channel management broadly involves decisions in design of channel and implementation and control of channel system. The design of channel system in turn involves variety of decisions such as the number of channel system, number of different types of intermediaries in each system, number, characteristics and location of channel members in each layer and terms and conditions for working with channel members. Again the major decision relation to implementation and control of channel system are selecting, motivation and evaluation and control of channel system as well as channel members. Once the design of channel system is decided a company has then to implement those policies through selecting channel members.

Distribution management is, therefore, one of the critical decision areas in the field of marketing. Its importance can also be visualized in the fact that it has considerable impact on other managerial decisions in the field of product lines pricing, sales forces and various other decision areas. Smooth functioning of the distribution system is a vital link in a firm's total marketing effort. The channel of distribution may differ from industry to industry because of economic condition of the firm, nature of products, nature of target market and geographical condition of the country as well.

Several characteristics of modern business encourage the use of marketing research by businesses. First, the suppliers of products and services need to have information about final consumers in order to market their products and services more effectively. Second as a company grows and starts distributing its products in a number of different markets the managers of the company find themselves being more separated from the final consumers of their products.

Distribution is concerned with various activities concerning transfer of goods from producer to final consumers or users. It includes not only physical activities such as movement and storage of goods but also legal promotional and financial activities involved in the transfer of ownership. *(Candiff & Still, 1972, P-272)*

Many manufacturers distribute their products through their own sales personnel to wholesalers who in turn sell those products to retailers who then make the sale to final consumers. In their normal course of business, many manufacturers have only limited direct contact with the retailers of their products and no contact at all with the final consumers of their products. *(Hamper, Body, Stanley & Stasch, 1996, P-7)*

Marketing is a complex process. Different products and services need different types of marketing strategy. It depends upon the working area of

industry and target group. Marketing broadly includes the activities related with product, price, place and promotion. Similarly, assembling, advertising, transporting, grading, storing, packaging, processing, sampling, pricing, controlling and consumer's satisfaction are important components of marketing activities. According to modern marketing concept consumer is the king. The success of every business organization depends on their ability to satisfy the consumer.

Marketing consists of all activities designed to generate and facilitate any exchange intended to satisfy human needs or wants. (*Stanton & Futrell, 1987, P-4*)

Marketing is a total system of business activities designed to plan, price, promote and distribute want-satisfying products, services and ideas to target markets in order to achieve organizational objectives. (*Stanton & Futrell, 1987, P-4*)

Marketing is a network system of producer, distributors and consumers. Under network marketing, the company distributes its products through a network of dealers who sell their products from house to house, generally to people know to them. This personal knowledge is important to help, gain and entry. The selling is done inside the prospects house using a set of samples that each dealer is given for the purpose. The dealer can earn margins ranging from 20 to 30 percentages of sales.

2.3 Review of Previous Studies

Book Review

Distribution is the means for getting the products to the target. It involves marketing channels and physical distribution. Marketing channels make the product available to the customers. Physical distribution makes the product accessible to the channel members and customers. (*Agrawal, 2004, P-247*)

After the products have been produced, producers must distribute or supply these products to the target markets. The term distribution is concerned with all the business activities centering on the problem of getting merchandise from the producer to the final customer. The aim of distribution is to get the products in adequate quantities in accessible locations at the time when customers desire them. (*Koirala, 1995, P-146*)

After determining the product policy and strategy and setting the price of the product, the next step involved in marketing is the establishment of distribution strategies, which is also known as the place variables. Distribution deals with two aspects of product movement channel of distribution and distribution logistics. A channel of distribution is a system of relationships among institutions and individuals involved in the process of facilitation exchange and consumption transactions. The channel of distribution focused on the process of ownership transfer of goods and services. Distribution logistics system focuses on the process of physical transfers of goods and services and includes transportation, storage, inventory control, physical handling and other processing functions. (*Koirala, 1995, P-146*)

Distribution may be defined as an operation or a series of operations which physically brings the goods manufactured or produced by any particular manufacturer into the hands of the final consumers or users. (*Daver, 1997, P-40*)

A marketing channel is identified as involving a series of relationships among organizations and final users to whom marketing effort is directed. Channel of distribution refer path through which goods moves from producers to consumers. (*Devis, 1985, P-407*)

A channel of distribution is a group of individuals and institutions that direct the flow of products from producers to customers. The fundamental task of marketing channel is to move goods and services in an efficient

manner. The marketing channel involves several individuals and institutions such as suppliers (who supply raw materials, finance, manpower and machines to the manufacturers and industrial users), manufacturers and industrial users, agents and brokers, wholesalers, industrial distributors, consumers, and industrial users. (*Koirala, 1995, P-56*)

In today economy most producers do not sell their goods directly to the final users. Between them and the final users stand a host of marketing intermediaries performing a variety of functions and bearing a verity of names? Some intermediaries such as wholesalers and retailers – buy, take title to and resell the merchandise; they are called merchant middlemen. Other such as brokers, manufacturers’ representative, and sales agents – search for customers and may negotiate on behalf of the producer but do not take title to the goods; they are called middlemen, still others such as transportation companies, independent warehouse, bank and advertising agencies assist in the performance of distribution but neither take title to goods nor negotiate purchases or sales; they are called facilitators.

Most producers work with marketing intermediaries to bring their products to market. The marketing intermediaries make up a marketing channel (also called trade channel or distribution channel). (*Kotler, 1979,P-593*)

A marketing channel also includes various types of flows or movement within the channel. Some of these flows move in forward direction, some in backward direction and some other in both directions.

Forward flows include physical flow, title flow and promotional flow. A physical flow results from movement of raw materials, suppliers and finished products. Most of the channel members participate in the physical flow. The title flow result out of the actual transfer of ownership from one channel members to another. The title flow in many instances

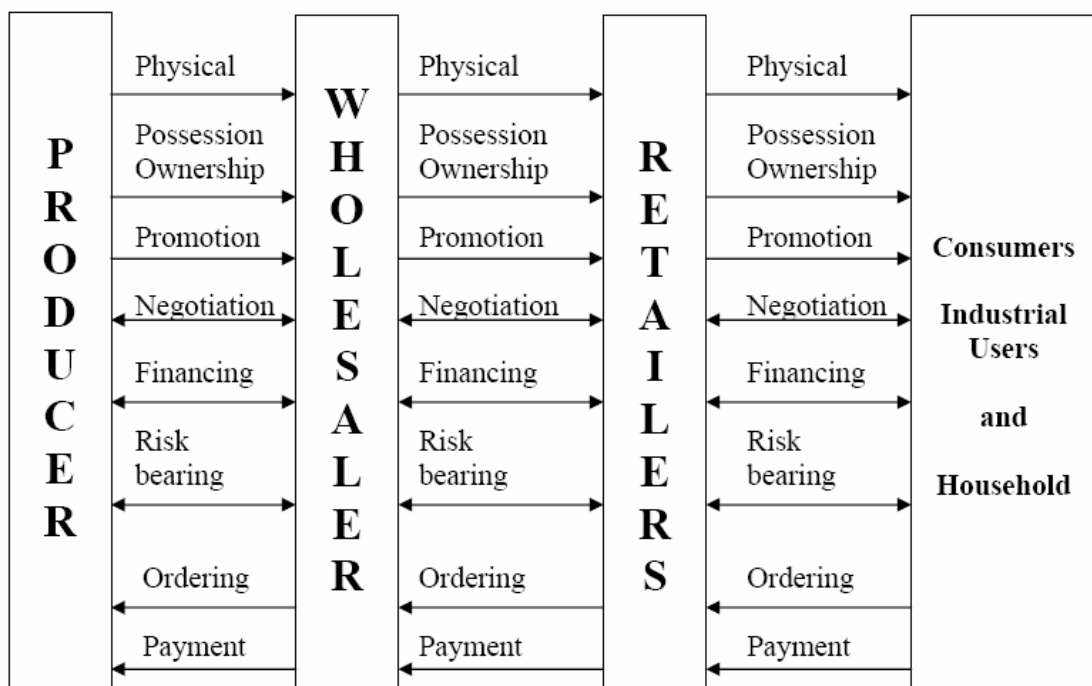
may take a different route from the physical flow. The promotional flow is represented by the dissemination of persuasive communication, such as advertising and sales promotions between the channel members.

Backward flows include ordering flow and payment flow. Ordering flow is represented by the backward communication of buying intentions by the channel members. Payment flow is represented by a flow of money from sales from the channel members to the manufacture.

In the field of marketing, channel of distribution indicate route or path ways through which goods and services flow or move from producer to customers, in this route various individuals and institutions are appointed to perform marketing task. These intermediates or channels of distribution tend to be used for several reasons.

Figure No. 2.1

Commercial Channel Sub-System



Source: Lowis W. Stern, Anel El Ansary and Annet T. Coughlan, Marketing Channels, 5th ed. Prentice Hall of India P. Ltd., New Delhi 1972, P. 10

Middlemen in distribution channel facilitate the process of exchange and create time, place and procession utilities through matching and sorting process, sorting enable meeting or matching the supply with consumer demand. (*Sherlakar, 1986, P-365*)

So it is obvious that, distribution is a key element of providing satisfaction in the market. Distribution involves the physical movement of products to ultimate consumers. It has so many methods and ways to perform its functions. It is also a critical task. It is not only simply a matter of moving products in to the hands of consumers; it involves a products movement through out all stages-resource procurement to final sales. These functions may generally be performed more effectively by intermediates. So, the manufacturer first and most basic distribution problem to decide, if he should use intermediaries or middleman or not. The outcome of this decision depends upon the firm's marketing plans. According to plan upon the function the system must perform and availability of appropriate middlemen also.

The marketing oriented firm designs its product to fit the needs of a particular group of potential customers. The distribution system must efficiently implement this marketing planning. The producer presents the product differently to different market segments. The different market segment programs are concerned with the availability of product to potential customers. The producer would like to establish a distribution system that will achieve the optimal marketing program in each market segment. So that he will generate the maximum profit. The system should include middlemen whenever they can increase the manufacturer's profitability by performing distribution functions at lower cost.

2.4 Objectives of Distribution

The objectives of distribution are as follows: (*Agrawal, P-248*)

2.4.1 Flow of Goods

Distribution aims at smooth flow of goods from manufacturer to channel members and customers. This is the essence of exchange relationships in marketing.

2.4.2 Availability of Goods

Distribution channel aim at making the goods available to customers. Channels such as wholesalers and retailers ensure availability of goods at all times. This also results in increased sales. Competition can be effectively faced.

2.4.3 Accessibility of Goods

Distribution aims at making goods accessible to customers through physical distribution. Goods are delivered at right place, in right time and in right quantity. Material handling, warehousing, inventory and transportation are managed.

2.4.4 Efficiency

Distribution aims to achieve marketing efficiency. It facilitates assortment of goods. It reduces number of transactions between manufacturer and customers. Marketing costs decrease by efficient management of logistics.

2.4.5 Customer Satisfaction

Effective distribution contributes to customer need satisfaction. It adds value to the product. It facilitates better services to customers.

2.5 Importance of Distribution

The following points indicate the importance of distribution. (*Agrawal, P-249*)

2.5.1 Efficiency

Manufacturers produce limited variety of product in large quantity. Customers desire large variety of products in limited quantity. Distribution facilitates assortment of products. Customers can get all the

products they want to match their needs. This promotes marketing efficiency.

2.5.2 Communication

Distribution serves as a link between the manufacturer and the customer. Manufacturer can transfer messages to customers through channel members about product, price and promotion. Channel members supply information to manufacturers about customer, competitors and environment changes. They also promote and push the product.

2.5.3 Financing

Middlemen themselves finance their operations. They also store and finance inventories. Manufacturers do not need to establish their own distribution channels. Their inventory costs remain low. Products get converted into money. Their activities finance the manufacturer.

2.5.4 Value Addition

Distribution adds value to the products through delivery at right place, in right time and in right quantity. Value is essential to satisfy the manufacturer.

2.5.5 Employment

Distribution creates employment opportunities. Market intermediaries serve as an important source of direct and indirect employment, especially at the retail level.

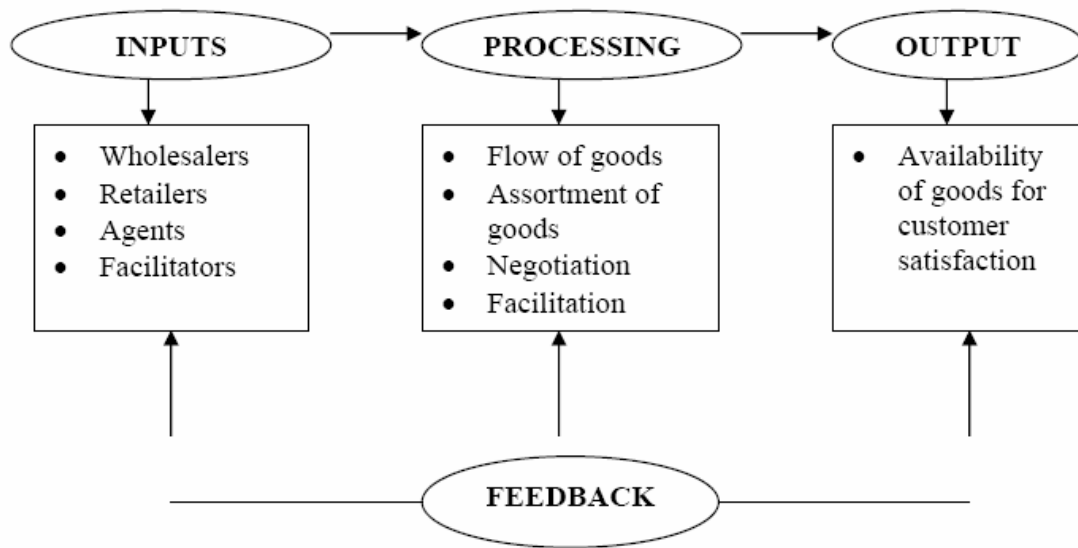
2.5.6 Competitors

Well-established channels discourage new firms to enter in the market. This reduces competition.

2.6 Channel System

A channel system consists of Input - Processing - Output – Feedback components. It makes goods available for customer satisfaction

Figure No : 2.2
Channel System



Source: Agrawal, Fundamental of Marketing. M.K. Publishers and Distributors, Kathmandu, 2004, P- 251

2.6.1 Input to Channel System

They consist of wholesalers and retailers who resell products. They also consist of agents who search customers. They also include facilitators like banks, insurance companies.

2.6.2 Processing

It consists of flow of goods from manufacturer to customers via channels. Channel members make assortment of goods, negotiate with customers and facilitate flow of goods.

2.6.3 Outputs

They consist of availability of goods for customer satisfaction. Right goods are made available at right time and right quantity.

2.6.4 Feedback

It provides information for making improvements in inputs and processing components of channel system.

2.7 Channel Structure for Consumer Products

2.7.1 Channel Participants

The major channel participants or components of the consumer marketing system are producers, agents, wholesalers and retailers. (*Koirala, P-215*)

2.7.1.1 Producers

The producers of consumer products are manufacturers, processors and assemblers who gather factors of production to make products destined to be used by individuals and households. The size of producers widely differs between products and markets, ranging from level producers to large multinational companies who often operate several manufacturing units across the world.

Many small producers perform all the distribution functions and directly deal with the consumers, while some manufacturers also maintain their own distribution networks. However, a large number of manufacturers depend on marketing intermediates to distribute their products. Producers perform major distribution functions, such as carrying of inventory, demand or sales generation, physical distribution, after-sales service and credit extension customers. The producer usually transfers a part of the distribution function to other channel components, such as agents, wholesalers and retailers.

2.7.1.2 Agents

Agents generally work for the principal. They negotiate the sales or purchase transaction on behalf of the principal. In the consumer marketing channel system, the agents generally work for the producer. Agents normally work on a commission on sales basis. Agents do not take title to the goods they handle.

However, they unite the producer with the buyers. Brokers and sales agents provide an important link between the producer and wholesalers. Brokers are limited authority on negotiation the deal and mainly perform

the function of identifying, location and contacting buyers for the producer. The sales agents gave full authority to negotiate the deal on behalf of the producer.

2.7.1.3 Wholesalers

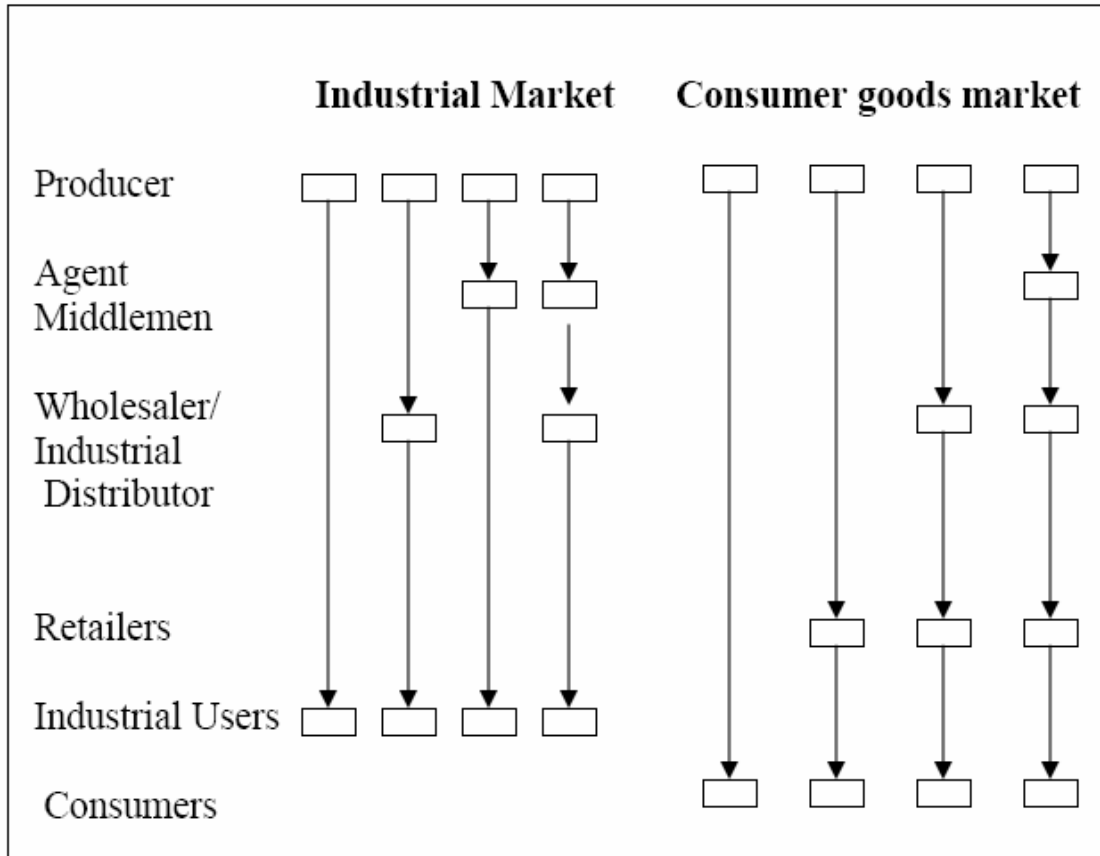
Wholesalers are merchants who normally buy from several producers and sell to a large number of retailers and other institutional customers. They are often called dealers or distributors. There are different types of wholesale establishments who differ in terms of merchandise they handle, their methods of operation and breadth of service they provide to producers and retailers. However, they have one common feature: they take full title of the merchandise they handle. They also perform storing, promotion and credit extension functions in the channel system. In case of consumer products, wholesalers are an important link between the producer (agent) and the retailer.

2.7.1.4 Retailers

Retailers buy merchandise from the producers and wholesalers and sell them to the consumers. Retailers vary widely in terms of their size of operation. They range from street vendors to large retail establishments like departmental stores and super markets. Retailers also take full title to the merchandise they handle. Retailers also perform storing, promotion and credit extension functions to a limited level.

Figure No: 2.3

Marketing Channels Commonly Used In Distribution of Industrial and Consumer Goods



Source: Devid W. Cravens, Strategic Marketing, Richard D. Irwin Inc., USA, 1982, P. 260

Figure illustrates several marketing channels of different lengths for consumer products and industrial products.

2.7.2 Channel Designs for Consumer Products

There are four design alternatives for the distribution of consumer goods, ranging from a zero level to level three. Under zero level design, the producer may distribute the merchandise directly to consumers' bypassing all marketing intermediaries. Under level one channel design, the producer may reach consumers through wholesalers and retailers. In level three designs, the producer may use the agents to contact and

execute the sale transaction to different categories of buyers. The four designs have been presented in the diagram above.

2.7.2.1 Producer – Consumer Channel (Zero Level)

If producers choose to perform all the distribution functions, they may distribute the products directly to consumers. Services are generally marketed through the zero level channels. Producers of merchandise may distribute directly to consumers through multiple shops and chain stores. Many producers market their products directly under the mail-order arrangement. Some produces have started direct marketing through the inter-net services.

2.7.2.2 Producer – Retailer – Consumer Channel (Level One)

Some producers sell directly to retailers' by-passing the wholesales. Producers, normally try to avoid the marketing costs of selling merchandise in smaller lots. If a retailers orders in large lots, the producer may be interested to sell directly. This way, producers can save a part of the usual discounts allowed to wholesales. Producers generally follow one level channel to distribute products through large retail establishments, such as department store, super markets and discount houses. A product may adopt selective distribution policy and distribute through selected retail outlets.

2.7.2.3 Producer–Wholesaler–Retailer–Consumer Channel (Level Two)

In terms of channel use, the level two channels that has both the wholesaler and the retailer in the channel design, is the most extensively used. Most consumer goods are distributed intensively with the target of achieving widest possible market coverage. Merchandise can be distributed widely only when the producer uses wholesalers to reach large number of retail outlets in different market segments. In case of convenience products, the producer may hand over the product to a large wholesaler or dealer. The large wholesaler or dealer may sell the

merchandise to area wholesalers, the area wholesalers to sub-wholesalers, and the sub-wholesalers finally sell the merchandise to the retail outlets.

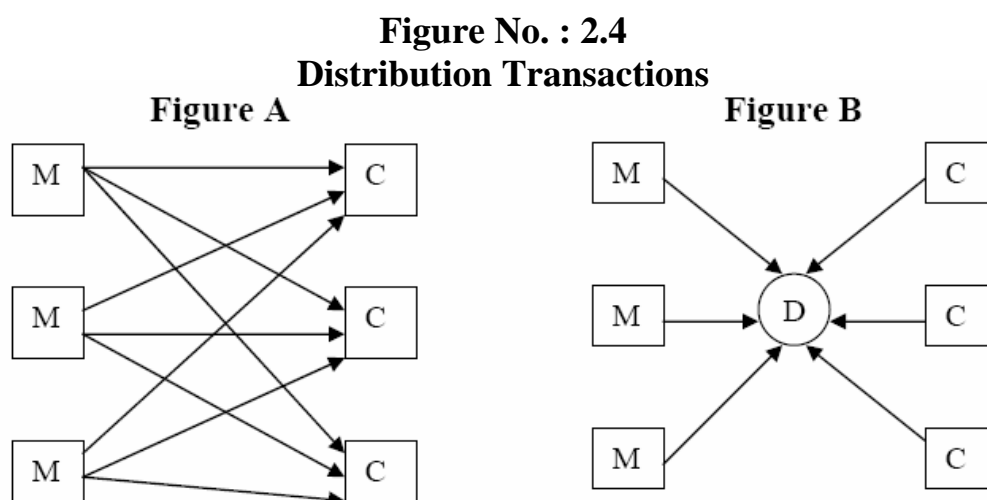
2.7.2.4 Producer–Agent–Wholesalers – Retailer–Consumer Channel (Level Three)

This extremely long marketing channel is used only in special circumstance. Producers try to avoid this design due to its high selling costs. This channel is mostly used in international marketing, in which the producer faces distance, language and other cultural barriers to deal directly with local wholesalers. In such situation, the producer may use a local agent to contact wholesalers and execute the sales transaction.

2.8 Channel Design for Industrial Products

- Producer – industrial user channel (Level Zero)
- Producer – industrial distributor – industrial user channel (level one)
- Producer – agent – industrial user channel (Level two)
- Producer – agent – industrial distributor – industrial user channel (Level three)

The following comparative figures show how contact he manufacturers with consumers become easy.



Source: Philip Kotler, Marketing Management, 10th Ed. Prentice Hall of India P. Ltd., New Delhi, 1999, P. 491

Figure a shows nine different contacts with customers without intermediaries

i.e.

$$M \times C = 3 \times 3 = 9$$

Where,

M = Manufacturers

C = Customers

Figure B shows just three different contacts with consumers working through one distributors,

i.e. $M + C = 3 + 3 = 6$

Where,

M = Manufacturers

D = Distributors / Intermediary

C = Customers

A marketing channel performs the work of moving goods form producers to consumers. It overcomes the major time, place and possession gaps that separate goods and services form those who would use them. Members of the marketing channel perform a number of key functions: *(Kotler, P-541)*

Research

The gathering of information necessary for planning and facilitating exchange.

Promotion

The development and dissemination of persuasive communications about the offer.

Contact

The searching out and communicating with prospective buyers.

Matching

The shaping and fitting of the offer to the buyers requirements. This includes such activities as manufacturing, grading, assembling and packaging.

Negotiation

The attempt of reach final agreement on price and other terms of the offer so that transfer of ownership or possession can be affected.

Financing

The acquisition and dispersal of funds to cover the costs of the channel works.

Risk Taking

The assumption of risks in connection with carrying out the channel work. The first five functions help consummate transactions; the last three help fulfill the completed transaction. The question is not whether these functions need to be performed. They must be but rather who is to perform them. All of the functions have three things in common: they use up scarce resources; they can often be performed better through specialization and they are shift able among channel members. To the extent that the manufacturer performs the functions, the manufacturer's costs go up and its price tend to be higher, when some function are shifted to middlemen, the procedures costs and price are lower, but the middlemen must add a charge to cover their work. This issue of who should perform various channel tasks is one of relative efficiency and effectiveness.

2.9 Marketing Intermediaries

They are middlemen. They make the flow of goods smooth between manufacturers and customers. They can be:

- i. **Wholesalers:** they deal with retailers and producers / manufacturers.

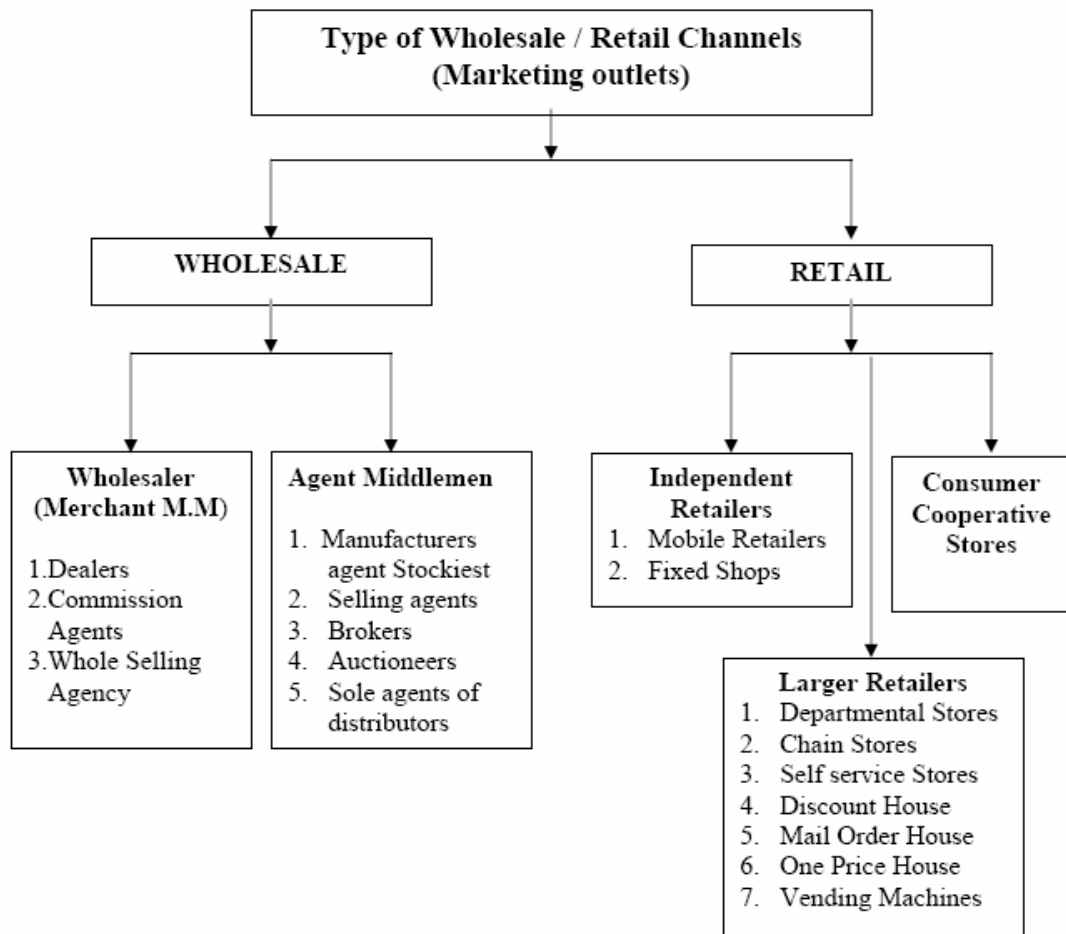
- ii. **Retailers:** They deal with customers.
- iii. **Agents:** They do not take title to goods.
- iv. **Facilitators:** They assist in distribution.

2.10 Importance of Middlemen

Now a days, there are so many changes in marketing. It has highly developed in it's every activities. In spite of marketing developed, it has also been grown the complexity today. The marketing activities are being held in world wise basis. In this situation, without any middlemen, it will be impossible to conduct a business. So, the importance of middlemen is increasing rapidly. The importance of middlemen is based on their types. In this connection there are two types of middlemen in distribution.

The merchant middlemen who purchase and sale goods on their own investment and at own risk (profit or loss) for example wholesaler and retailers. But agent middleman who do not have ownership on the goods but they negotiate the transfer of ownership right from the manufacturer or seller to the consumer or buyer, for example commission agents and brokers. In this way the company should select the middlemen according to its need. It can be studied the channel structure of middlemen. The wholesalers are business firms who sell goods to be used primarily for resale or for industrial use. They are bulk purchaser with the objective of release to retailers. They sell the goods in the smaller lots needed for their customers or retailers. They buy or sell on their own account and at their own risk of loss.

Figure No. : 2.5
Channel Structure of Middlemen



Source: Sherlakar S.A., Marketing Management, Himalayan Publicity House, Bombay, 1986, P-135

But retailers are find seller to customer or users. They may buy or sell the goods own their risk also. Some times they don't take risk on goods, they purchase or sell on commission or discount only. The importance of wholesaler and retailer middlemen for the producer is as follows:

- i. Order Collection
- ii. Risk transferor
- iii. Concrete reliever
- iv. Expert advisor

By the role of order collector the wholesaler acts as order collecting and marketing agency for the manufacturer. The manufacturer can, therefore,

concentrate on production and need not worry about distribution. Likewise in the context of risk transferred the whole seller and retailer buy or collect goods in large quantity from manufacturer and sale to customer in profit. Similarly the middlemen do concrete relief to payment for the manufacturer.

No only these but also the middlemen give profit and important facilities by work of expert adviser because wholesalers know all the activities of market. He can secure first hand information of consumer's desires through their orders. So, the wholesaler's order on the manufacturer can act as an indicator of trend of demand or of public taste. The manufacturer can regulate his production activity in the light of this trend and can bring about necessary modifications in his product that it will give the desired satisfaction to the customer.

Likewise, the wholesaler's service to retailers and to producers and to producers as a middlemen are buying, selling, bulk breaking, transport, storage, finance, risk bearing, market information and managerial advice and services to retailers as well as producers.

Similarly, the wholesaler's services to retailers are as follows: Retailers have no need to hold large stocks of varied goods, prompt delivery of goods, benefits of specialization, announcement of new products, grant of credit. The retailer's importance of its role is unforgettable. The retailer plays the great role in area. Such as plays the vital role to the consumer as follows: anticipating wants, breaking of bulk, transport and warehousing, financing, product guarantees, and repair and installations etc. The role of retailer as middlemen to the producer is also important. Helps to producer being an expert seller, advertiser of goods, bulk break financier, holder of stock, feedbacker or communication sender etc. In this way, the wholesaler is a first middlemen and retailer is the last middlemen for the company as well as consumer. Both wholesaler middlemen and retailer

middleman are equal importance for the distribution channel of marketing. Middlemen aid the producer in reaching the target consumers. Their advantages are, (*Agrawal, 1982, P-38*)

- i) Middlemen take risks by purchasing products from the producers the products do not get sold, they bear all the losses.
- ii) Middlemen provide financial resources to the producer by making advance purchases. The producer does not have to lock up capital unnecessarily on inventories.
- iii) Middlemen are efficient in making product available to target consumers. This is possible because of well-developed network of middlemen all over the country. They bridge the gap between the producer and consumer.
- iv) Middlemen provide information to producers about market conditions and consumer needs and preferences.
- v) Middlemen also promote products by displaying them and communication with consumers about products.

A channel structure is an organized activity and involves in order performing the related job. The channel structure is highly complex mechanism, its nature is dynamic. The channel of distribution is the means to bring the product from the producer to the ultimate consumer or industrial user, through a suitable way a series of function must be performed in order to keep the product in market effectively.

2.11 Selecting a Channel Strategy

After selecting distribution channels, manufacturers should next decide upon the number of middlemen – the intensity of distribution – to be employed at the wholesale and retail level. (*Stanton & Futrell, 1998, P-377*) Generally, three courses of actions are available in this case namely;

- a) Intensive Distribution
- b) Selective Distribution
- c) Exclusive Distribution

In intensive distribution strategy the seller will look for every outlet to sell the products. Ordinarily, the manufacturers of convenience goods use the strategy on intensive distribution. (*Stanton & Futrell, 1998, P-377*)

In selective distribution, the marketer will have only a few outlets in a particular market. Selective distribution is used for consumer shopping and specialty goods industrial accessory equipment, for which most customers have a brand preference. (*Stanton & Futrell, 1998,P-377*)

Under an exclusive distribution strategy, the supplier agrees to sell only a particular wholesaling middlemen or retailer in a given market. Under an exclusive distributorship (with a wholesaler) or an exclusive dealership (with a retailer), the middlemen are sometimes prohibited from handling a directly competing product line. Exclusive dealerships are frequently used in the marketing of consumer specialty products such as expensive unites. When the dealer distributor must furnish installation and repair service. (*Stanton & Futrell, 1998, P-378*)

1. Intensive

Sell your product in every outlets, every final customer might reasonable look for it.

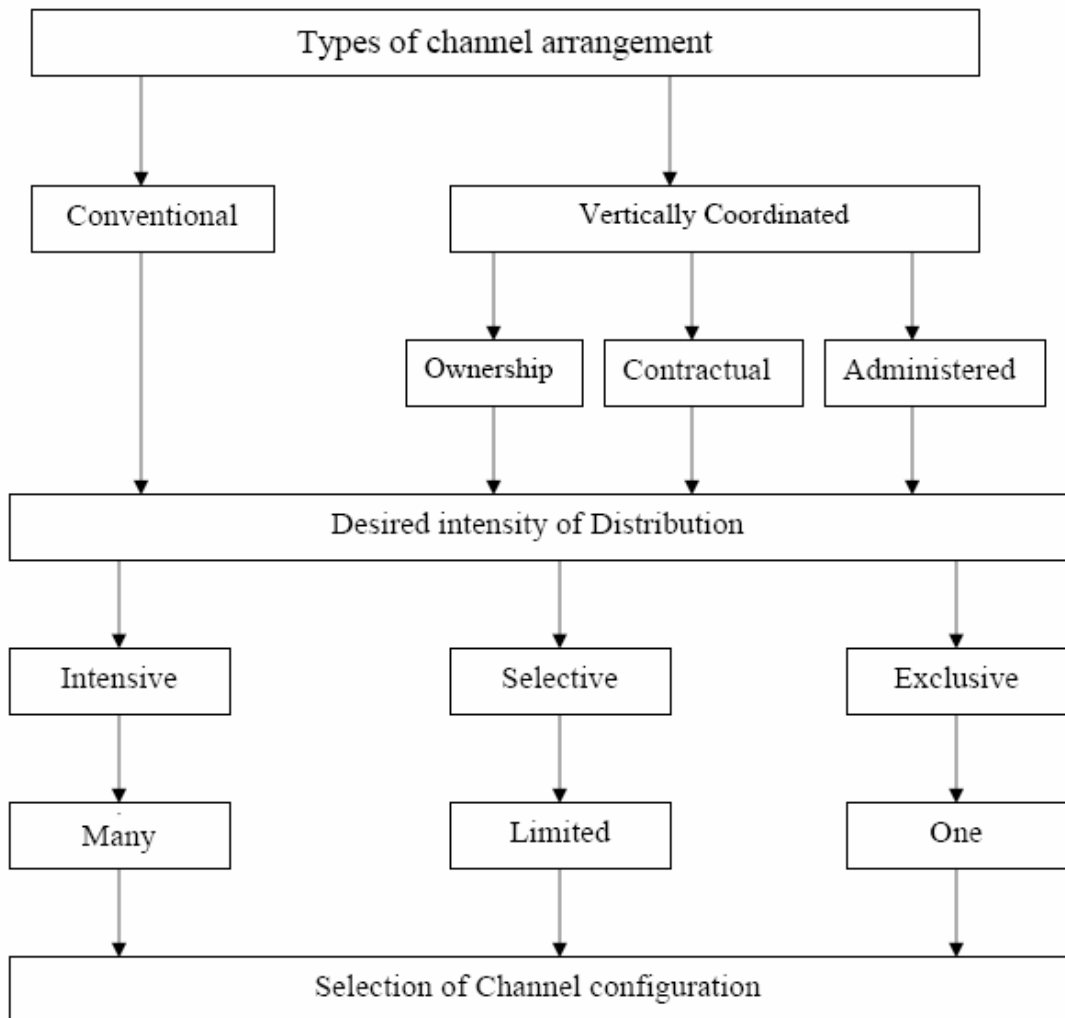
2. Selective

Use a limited number of wholesalers and or retailers in a given geographical area.

3. Exclusive

Use only wholesaler a retailer in a given market.

Figure No: 2.6
Channel Strategy Alternatives

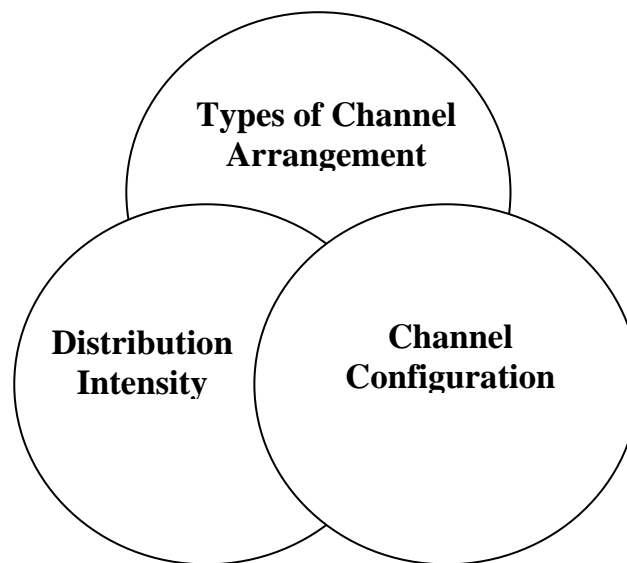


Source: Devid W. Cravens, Strategic Marketing, Richard D. Irwin Inc., USA, 1982, P. 277

2.12 Channel Strategic Alternatives

Three decisions establish key channel strategy guidelines for a company. As shown in figure No. 2.7 these include the type of channel arrangement to be used, the desired intensity of distribution, and the selection of a channel configuration.

Figure No. : 2.7
Channel of Distributions Strategy



*Source: David W. Cravens, Strategic Marketing, Richard D. Irwin Inc.,
USA, 1982, P. 270*

2.12.1 Types of Channel Arrangement

The conventional channel is a group of independent organizations, each trying to look out for itself, with little concern as to the total performance the channel. Not surprisingly, managers in an increasing number of firms have seen the potential advantages to be realized in managing the channel as coordinated or programmed system of participating organizations. Vertical marketing systems dominate the retailing sector today and are also significant factors in the industrial product sector. Perhaps the best way to identify a channel arrangement is by determining if it processes the characteristics necessary to be a vertically coordinated channel. Otherwise, it is a conventional channel.

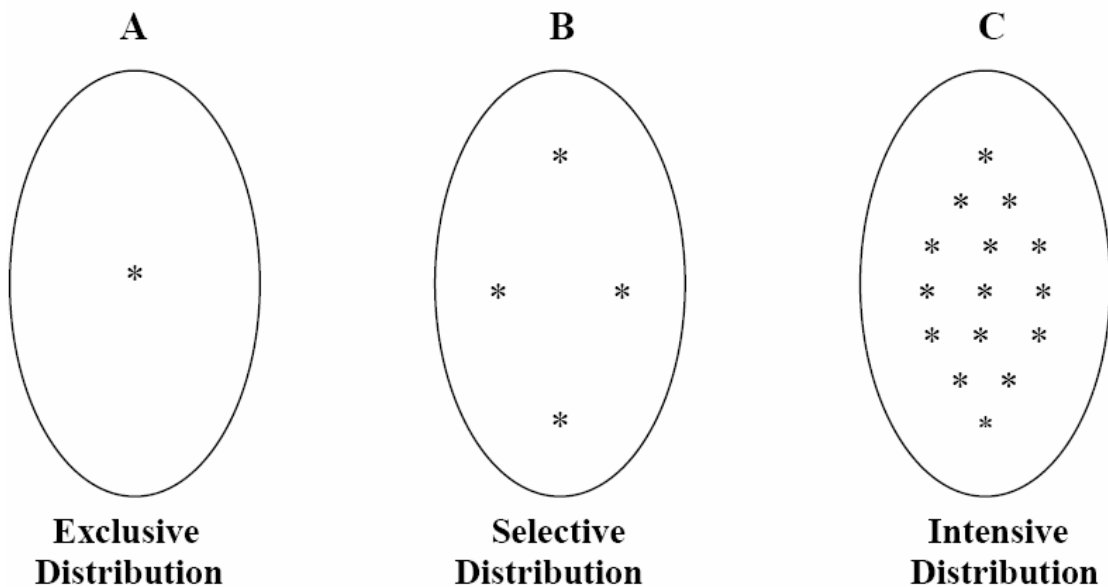
2.12.2 Distribution Intensity

Distribution intensity can best be visualizes in reference to a geographical area such as a trading area. If we choose to distribute our product in all or

most of the retail outlets in a trading area that might normally carry such a product, we are using an intensive distribution approach. In contrast, if only one dealer in the trading area is selected to distribution approach. In contrast, if only one dealer in the trading area is selected to distribute the product, we are using an intensive distribution approach. In contrast, if only one dealer in the trading area is selected to distribute the product, we are using an exclusive distribution strategy. Thus, there is a range of distribution intensities that can be selected.

Figure No: 2.8

Distribution Intensity Illustrations Trading Area



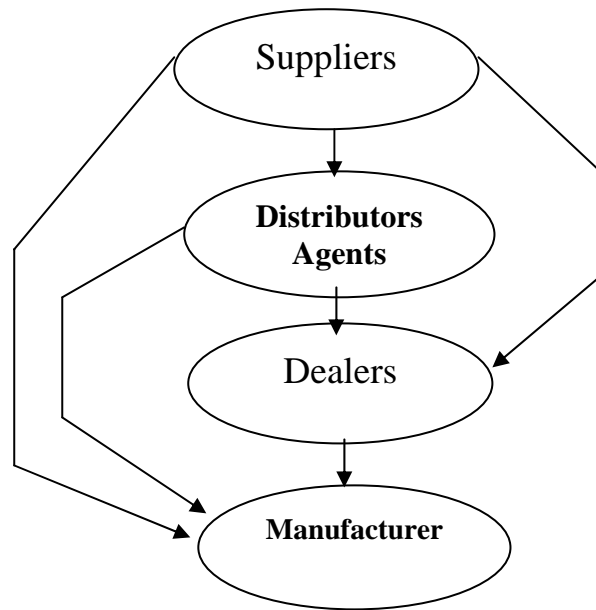
Source: Lowis W. Stern, Anel El Ansary and Annet T. Coughlan, Marketing Channels, 5th ed. Prentice Hall of India P. Ltd., New Delhi 1972, P. 112

2.12.3 Channel Configuration Decision

The final link in selection distribution strategy is deciding the number of levels in the channel and the intermediaries to be utilized.

Figure No: 2.9

Distribution Network from a Manufacturer's Point Of View



Source: Devid W. Cravens, Strategic Marketing, Richard D. Irwin Inc. USA, 1982,P-275

Channel design is greatly influenced by customer characteristics. Customer characteristics include the number of potential buyers, the concentration of buyers, the concentration of buyers and advantage purchase size. (Evan and Berman, P-310) Types of market (i.e. consumer market and industrial market) also considered in this contest. A direct channel is of most feasible if the number of buyers are low, they are geographically concentrated and expenditure is large and vice versa.

Choices of channels depend not only on the company but also on consumerism, product service characteristics, competition, available channels and the legal environment.

Products or ser vices characteristics may involve four attributes such as value of product, complexity, perish - ability, and bulk. Items that have

high unit value (like-gold, jewelry and art), complex item (like- jet aircraft and automobile insurance) require shorter channel. Perishable items like milk and medical products need quick movement i.e. shorter channel. Similarly bulky merchandize, such as pianos and refrigerators require short channels and vice-versa.(*Shrestha, 1992,P-138*)

2.13 Factors Affecting to Selection the Distribution Channels:

2.13.1 Market Considerations

In market consideration factors we should analyze the following sub-element as number of customers, customer's buying habits, size of purchase, channel used by competitor and nature of the market, etc.

2.13.2 Product Considerations

In product consideration, we have to analyze these following factors as unit sale value of the product, size and weight of the product, perishable goods, technical goods, standardize of product, rules of the government etc.

2.13.3 Organization Considerations

In the organizational factors it has to study of the following elements:

i) Financial Position of the Organization:

Since Live Care Nepal P. (Ltd.) has sufficient finance it has sound financial position as compared to other competitors. Success and failure of any organization largely depend upon how well finance is handled, keeping these facts into mind. Live Care Nepal P (Ltd.) has maintained sound financial position.

ii) Managerial Skill of Organization:

Placing right man a right place is the essence of HRM being this as 21st era. Live Care Nepal P (Ltd.) has also requisite and selected highly trained manpower so that the manager can deal day by day operation in a most desired manner and also Live Care Nepal P (Ltd.) believes that no work

can be done without the team work. Therefore trained manpower always look forward for making right decision and try to implement those decision in rationalized manner by motivation the employee. So there is no question about managerial skills in this organization.

iii) Control Over the Channel of the Organization:

Lastly proper control is always necessary for stirrings towards success. Live Care Nepal P (Ltd.) has optimum control over the channel of organization. So that they can distribute the quality products at right time at right place to the ultimate buyers. By doing the Live Care Nepal P. (Ltd.) is trying its best to give maximum satisfaction to its customer.

2.13.4 Middlemen Considerations:

i) Availability of Middlemen

Further more talking about middlemen, this company has always find out the wholesaler, retailer are available or not within the market for sale their product to final customer to giving best services.

ii) Sales Potential of the Middlemen

Live Care Nepal P (Ltd.) has always looking that those types of middlemen who have more capacity to sell our product and well known in their territories. Live Care Nepal P (Ltd.) has always find out those types of middlemen who are always willing to sell their product.

iii) Company Costs:

Company has decided to company cost also when Live Care Nepal P (Ltd.) has selected those types of middlemen who always minimize the cost as like transportation cost, inventory cost and maximize the sells and profit. In the way, after deeply study these factors only it can be selected the suitable channel. It should be cheap, adoptable, and available also. To get maximum sales and profit, Live Care Nepal P (Ltd.) has to necessity to develop of the suitable channel of distribution system.

2.14 Channel Dynamics:

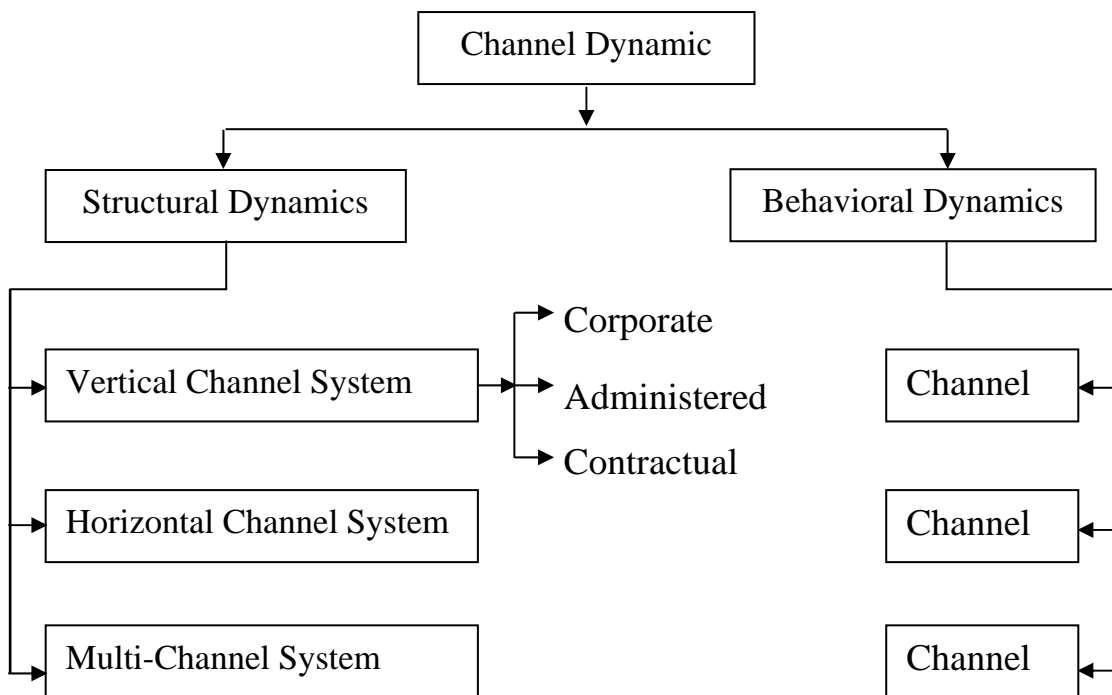
Marketing is a dynamic process. It changes with the changes in the environmental forces. Marketing channels are also dynamic. They do not remain confined to conventional structure. New channels evolve and emerge.

Channel Dynamics are two types : (Agrawal, 2004, P-266)

- i) Structural Dynamics : Emergence of new channel structure
- ii) Behavioral Dynamics: Behavioral changes of channel participants.

Figure No. 2.10

Channel Dynamics



Source: Agrawal, Fundamental of Marketing, M.K. Publishers and Distributors, 2004, p-266

ii) Structural Dynamics

The conventional marketing channel comprises of autonomous manufacturers, wholesalers, and retailers. No channel member controls the other members.

Structural dynamics are concerned with the emergence of new distribution system. They are:

- a) Vertical Channel System
- b) Horizontal Channel System
- c) Multi-channel System

ii) Behavioral Dynamics

It is concerned with changes in role and power relationships of channel participants. It reads to cooperation or conflict. Cooperation leads to adaptation to a changing environment conflict can be dysfunctional. The variables that affect behavioral dynamics are role, power and conflict.

2.15 Channel Conflict

No matter how well channels are designed by the marketer, there may exit some conflicts among the channels. There are several reasons for channel conflicts some of the major reasons are as follows. (*Shrestha, P-140*)

- i) Differences in goals of channel members such as profit margin, goodwill;
- ii) Poor communication between the channel members;
- iii) Difference in channel pricing policy if the channel members;
- iv) Unclear roles and rights of channel members;
- v) Differences in purchase terms and conditions;
- vi) Lack of knowledge regarding the level of channel control.

Channel conflicts may be of two or three types.

There manufacturer hopes for channel cooperation that will produce greater profits for each channel member. Yet vertical, horizontal and multi-channel conflicts can occur. (*Kotler, P-509*)

- i) Vertical Channel Conflict:** Occurs between channel members at different levels such as conflict between manufacturers and wholesalers, between wholesaler and retailers and manufactures, who handle similar products.
- ii) Horizontal Channel Conflict:** Occurs between intermediaries at the same level such as conflict between two or more retailers, conflict between two or more wholesalers who handle the same type products or similar products.
- iii) Multi-channel Conflict:** Exists when the manufacturer has established two or more channels that sell to the same market. Multi-channel conflict is likely to be especially intense when the members of one channel get a lower price (based on larger volume purchase) or work with lower margin.

When a conflict situation arises within a channel system, some channel members must take a leadership role to resolve the conflict. Although channel conflicts can be resolved through various means, an atmosphere of cooperation is highly necessary for solving difference of opinions and perceptions of channel members. Conflict resolution if possible through one of the following methods.

- i) Problem Solving:** Problem solving involves mutual consultation among channel members to short out their differences.

- ii) **Persuasion:** User persuasion method, a powerful channel leader persuades the dissident channel members to work for the benefits of the channel system as a whole.
- iii) **Bargaining:** Under bargaining method, the members in conflict negotiate with each other to arrive at a new agreement.
- iv) **Politics:** Several channel member from an association with a view to Change the current channel power structure.

All channel members have the same general objectives, profitability, access to products and services, efficient distribution and customer loyalty. The quest of every firm is maximize its own profit and control its strategy. However, the successful channel members will be able to expand their cooperation and minimize conflicts.

2.16 Channel Control Strategies:

Two strategies used by manufacturer to improve their perceived economic power and to gain better cooperation from channel members are a pull and a push strategy.

Pull Strategy:

When pursuing this strategy, a manufacturer focuses primarily on building selective demand and brand loyalty among potential customers through media advertising, consumer promotions, extended warranties and customer services, product improvements, line extensions, and other actions aimed at winning customer preference. Thus, by building strong consumer demand, the manufacturer increased its ability to promote economic rewards in the form of large sales volumes to its channel members in return for their cooperation. A share leader or more

prestigious brand in its category has substantial power to influence other channel member-particularly if the product is in the growth stage of its life cycle.

Push Strategy:

Similar firms with limited resources, those without established reputations as survey marketers, and those attempting to gain better channel support for existing products with relatively small shares and volumes often have difficulty achieving cooperation solely on the promise of future sales and profits. In such situation firms usually adopt a push strategy in which much of the product's marketing budget is devoted to direct inducements to gain the cooperation of wholesalers and retailers. Typically, a manufacturer offers channel members a number of rewards, each aimed at motivating them to perform a specific function or activity on the product's behalf. The rationale is that by motivating more wholesalers or retailers to carry and aggressively sell the product, more customers are exposed and persuaded to buy it.

Between pull and push strategy Live Care Nepal P (Ltd) has used to pull strategy to improve their perceived economic power and goods. The company has to focus on building selective demand and brand loyalty among potential customers through media advertising, consumer promotions, cuts of retailers price, provided extra incentive etc, Live Care Nepal P (Ltd.) product brand loyalty among potential customers. Live Care Nepal P.(Ltd.) has built strong consumer demand of their products.

2.17 Physical Distribution

Customers require products in the right quantity at the right time from the right place. Physical distribution is the process of getting products to target customers. It is actual flow of product from the point of origin to point of consumption.

Stanton defines physical distribution as "The activities concerned with the movement of the right amount of the right product to the right place at the right time. (*William and Charles, P-387*) Physical distribution management is the process of strategically managing, the movement and storage of materials, part and finished inventory from suppliers, between enterprise facilities and to customers.

According to Philip Kotler, "Physical distribution involves planning implementing and controlling the physical flows of material and final goods from points of origin to points of use to meet customer requirement at a profit. (*Kotler, P-585*).

In the marketing channels the products must be moved in the right quantity at the right time to the right place in order to deliver desired satisfactions to the end users or consumers. Physical distribution or marketing logistics is concerned with the management of flow of goods from the point of origin to the point of consumption. Marketing organizations must manage the flow of good and services from their production locations to the market and also make arrangement for a flow of information between the two points.(*Koirala, P-242*)

The main objective of physical distribution is getting the right products safely to the right places at the right time at the least possible cost. More specially, the objective of physical distribution are (*Shrestha,P-144*)

- i) To provide customer service,
- ii) To distribute goods more safely,
- iii) To minimize the total cost, and
- iv) To supply goods to the right largest market.

Physical distribution functions have been performed by all productive enterprises through the ages. However, this function was treated as of secondary importance to production and selling. The various physical distribution functions, such as transportation, warehousing and inventory

management were performed in fragmentary and most secondary basis. In the Second World War, the military logistics played important part in the victory of allied forces. Encouraged by this example, business organizations also realized the importance of logistics and embraced physical distribution as a competitive tools in marketing. The technological revolution in the field of transportation and information technology has also contributed for the rapid growth of physical distribution management systems. (*Koirala,P-242*)

Physical distribution is treated as a system with several sub-system or components, such as transportation, inventory control, packaging, material handling, order processing and distribution communications.

Efficient Physical distribution can lead to: (*Agrawal, P-4*)

- i) Cost saving: Heavy costs of distribution can be reduced
- ii) Consumer satisfaction: This can be improved
- iii) Competitive Effectiveness: This can be faced.

2.17.1 Components of Physical Distribution:

A Physical distribution system consists of a set of interrelated functions with specific boundaries. This interrelated functions or components include the following elements:

- i) Transportation
- ii) Order Processing
- iii) Material Handling
- iv) Inventory Management and Control

Transportation:

Transportation is the major tools for creating place utility on products. It is the major tools for moving products from the point of origin to point of consumption. From the logical management view, an organization should establish a capability to move products from supply sources to consumers. (*Koirala, P-4*)

Transportation is the element of the physical distribution system that link geographically separated markets and facilities. Marketers need to take an interest in their company's transportation decisions. The Choice of transportation carries will affect the pricing of the goods when they arrive, all of which will effect customer satisfaction. (*Kotler, P-591*)

There are many transportation options available for movement in the logistical system. The five basic transportation modes are road, rail, water air and pipeline. The distribution firm has to select from among these five modes of transportation. Each mode of transportation has its own characteristics-its own merits and demerits. The transportation need of each firm in each product also varies. In his situation, the firm has totally its need of transportation with the relative characteristics of each mode of transportation. (*Koirala, P-172*)

Transportation moves products from manufacturer to customers. It accounts for almost 50% of total costs of physical distribution. It consists of decisions about the carrier type and the mode of transport. (*Agrawal, P-272*)

An organization may have three options for the development of the transportation capabilities. As a first option, it may maintain its own private fleet of vehicles to provide the movement of produces. This option requires heavy investments in equipment and personnel and is also perceived to be difficult to manage. As a second option, the organization may use privet transports on a job or long-term contract basis. These contract carriers are specialists and provide efficient and professional transport services. As a third option, it may use common carriers that offer point to point movement of products under specified charges. (*Koirala, P-243*)

Order Processing:

Physical distribution starts with customer order. Order processing is a set of procedure for receiving, handling and filling orders. It can be done manually or through computer. The activities are receiving order, handling orders and filling orders. (*Agrawal, P-271*)

Still another part of the physical distribution is a set of procedures for handling and filling orders. This should include provision for billing, granting credit, preparing invoices and collecting past due account. Consumer ill will can result if a company makes mistakes or is slow in filling orders. As information demands become more complex, companies are increasing turning to computers to implement their processing activities. (*Craven and Woodruff, P-438*)

Order processing is the receipt and transmission of sales order information. Order processing is an important distribution function as its efficiency may result in better customer satisfaction, repeat orders and higher profit levels. Order processing can be manual as well as computer based. Small companies prefer manual processing, while large companies maintain a computer bases system. The computer based system is able to integrate production planning, inventory control, accounting and transportation aspects of the sales order into a single information flow system. (*Koirala, P-248*)

Material Handling:

Material handling, also called physical handling of goods in an activity that is important in inventory, warehousing, and transportation. The characteristics of a product determine to a large extent how it will be handled. For example, radio active wastes, bulk chemicals and gases require special handling and storage. Material handling involves selecting power equipment to physically handle products. Efficient and appropriate

equipment can reduce handling costs and minimize losses for breakage, spoilage and theft.

The nature of the product, the size of the package, and the packaging materials determine handling equipment. Material handling can be mechanical and non-mechanical.

Warehousing:

A warehousing is storage facility to store products until they are sold. It performs various functions such as assembling, bulk breaking, storing, packing and shipping.

Every company has to storage its goods while they wait to be sold. A Storage function is necessary because production and consumption cycle rarely match. Many agricultural commodities are produced seasonally, while demand is continuous. The storage function overcomes discrepancies in desired quantities and timing. (*Kotler, P-589*)

Traditionally go downs performed the storage function. Today, the emphasis in warehousing is on product movement rather then product storage. Distribution Center (Distribution Warehouse) have appeared which take orders. Fill them, prepare them for shipping and quickly move them to customers. Important decisions regarding warehousing are private or public warehouse and number and location of warehouse. (*Agrawal,P-272*)

Inventory Management and Control:

Inventory management is another important decision area in physical distribution. Inventory management is concerned with developing a system of maintaining an adequate level of product assortments to meet the customers' demand. Inventory planning is highly essential as shortages of products normally result in customer disappointment, and hence a lower level of customer servicing. Overstocking of inventories

normally result in higher costs in capital tie-up, increased cost of warehousing and insurance, product decays and obsolescence costs.

2.18 Distribution Practices in Nepal

Distribution has a low profile in the marketing mix of Nepalese organizations. It has not received proper attention. Nepal being a landlocked country, considerable attention is paid to the development of transportation, industrial growth and trade. Due to the topographical diversity of the country and poor transport and communication facilities, marketing has remained fragmented.

The historical legacy, the social structure, the social exclusion or inclusion of ethnic, linguistic and regional groups and the status of women have a close relation with development performance. Similarly the extent of resource endowment, the microeconomic fundamentals, the extent and character of the entrepreneurial class, the state of technology, the character of development institutions and practices including the capacity of the civil service, the extent of infrastructure and the level of human resources development are also critical.

Marketing has been traditionally a neglected aspect in Nepal. Enterprises tend to concentrate on production and selling rather than marketing. The selling concept has served as the main marketing philosophy of Nepalese managers. The public sector has generally remained indifferent to the marketing concept.

Channel structure for consumer products in Nepal is largely traditional. Wholesalers and retailers are dominant market intermediaries in Nepal.

About 89% of manufacturers used two-level channel. Agents are generally emerging. Stock brokers, which number about three dozen are active in the stock exchange. Big manufacturers have sales representatives. Due to globalization and liberal economic policies of the government, facilitators are growing. There are more than 25 commercial

banks with 450 branches. The insurance companies have grown in number. So have their agents. Advertising agencies number more than 500. (*Agrawal, 2050 B.S.,P-31*)

Nepalese production are distributing and selling their products directly and through wholesaling. Most of the small scale producers in Nepal undertake the whole distribution job themselves. Such products, which are not durable such as milk, vegetable, fruits, eggs etc. are sold directly. The manufacturer who products heavy products of little commercial value also sells their products directly to the final consumers. There are various types of indirect channels, which are followed by Nepalese producers.

2.19. Researcher Review:

2.19.1 Nepalese Context

A dissertation titled "A Study on Distribution Channels of Feed Industry in Nepal" carried out by Govinda Prasad Poudyal in 1995 has found the following findings. (*Poudyal, 1995*)

- i) Government is not positive in response to the feed industries as well as government policy is not clear in the context of feed industries present marketing performance.
- ii) Most of commercial poultry farming and establishments of feed industries are concentrated only in developed village and towns areas and they are supplying feed products as well as other available facilities in the same areas.
- iii) Every industry, its dealers and farmers want from the government to restrict the import if poultry products and raw materials which are available in Nepal.
- iv) Prices of raw materials which are used in poultry feed production are not stable.
- v) Feed industries have no distribution policy.

- vi) There is lack of professional poultry farmers and committed feed dealers to supply the feeds and other facilities regularly from the particular feed industry.
- vii) There is variation in quality of feed between the industries and also do not have appropriate quality control system introduced by feed manufacturers or by the government.
- viii) Some feed industries produce poultry feed for their own purpose not for selling purpose.
- ix) Feed industries in Nepal follow three types of channel of distribution.
- x) There is an effective impact of distribution cost on sales volume of the feed industries. Distribution cost is increasing along with total cost.
- xi) The acceptance of dealership of feed industries is due to attractive commission, bonus, technical and transportation facilities.
- xii) Channel members are not satisfied with existing commission, Bonus, technical facility, transportation cost, quality and quantity of feed.
- xiii) The commission and bonus rates do not cover the transportation cost of dealers and channel members. They are not fixed as a percentage and volume of sales.
- xiv) Dealers and farmers of present channel of feed industry are found less satisfactory.
- xv) The main factors affecting promotion of sales are less quality and quantity. Different treatment to the channel members of the same level in terms of discount, commission, bonus, technical facility, transportation cost, credit facility and delay in supply due the lack of transportation.

xvi) Zero level channel of distribution is better and practicable in the context of Nepal.

Another thesis work conducted by Udhab Prasad Pokhrel in 1995 on "Distribution System of Biratnagar Jute Mills Ltd." Has presented the following finding.

- i) BJM has no written or expressed policy regarding to distribution. However, the mill has been involving its buying and selling activities from direct system. Sometimes the mill arranges rented trucks and bullock carts to sell its goods.
- ii) All the production, buying and selling activities of BJM are traditional system till now. But in the other side, most of the competitors of the BJM (the private sector jute mills) follow the modern production, buying selling systems.
- iii) The analysis part of the study had dealt the position of production and sales of different product brand of BJM. By the analysis, it is found that there is no significance difference in the quantity of production and sale in the last five years. And independently, the quantity of production and sales are fluctuation in different year among itself. But the trend of production as well as sales has shown the decreasing trend in these years.
- iv) The sales volume of BJM is very high in Nepal and India then Khasha, Bhutan overseas countries. so the sales position of BJM in international market in comparison with foreign countries is seen higher. In other words, the export market of BJM in the foreign country has been going to decrease continuously or almost in zero.
- v) The earning capacity of the mill has been also going to decrease because of the decreasing trend in sales and production.

- vi) BJM has not adopted market segmentation policy also. Because it does not feel that there is no great competition in the market. And it has been using direct selling system. But now, this position is not prevailing, because open market system is introduced since last some years in our country. That's why the marketing task of BJM has become complex now.
- vii) The mill has not utilized its full capacity due to the lack of modern management as well as modern distribution system. As a result it has faced the problems to decrease in production and sales.
- viii) BJM is in a tight working capital situation so; it could not adopt the long channel.
- ix) Advertisement and other promotional tools have not been used besides of its annual reports and some booklets.
- x) The other private sector jute mills have adopted other different distribution channels along with the zero level. But BJM has basically followed the direct level (which is also called central level distribution system or zero level distribution system) only.
- xi) Physical distribution cost is minimum in comparison to total cost of the factory.
- xii) There is no legal provision of sales agent.
- xiii) BJM is using only intensive distribution system.
- xiv) BJM has fixed market inside and outside the country.
- xv) Intermediaries like wholesalers, retailers, broker and agents play the vital role in adopting large market. But BJM has not given emphasis in adopting such intermediaries.
- xvi) Physical distribution system of BJM has not any systematic provision of transportation, warehousing, inventory controlling,

material handling and order processing activities. BJM has performed these activities in and hock basis.

- xvii) Last but not last; there is lack of the separate distribution department as well as lack of motivation factors among the labors, staff and management, lack of cooperation, good management system and problem of over staffing. These all are considered as the constraints of the development of the BJM especially in distribution system.

Similarly, different types of research work are done on distribution as mentioned below:

R. C. Chitrakar in his study observed that there were no any written policy and strategy in case of distribution in Biscuits industries. Some of the middlemen were found inactive but the companies did not make and effort to find out the reasons behind it. Similarly, they did not try to understand retail market before developing channel or other distribution strategies. It was also revealed that financial strength and personal relations played more significant roles in selection channel member.

Factors like middlemen promotional policies and efforts, their sales force, service made available to the retailers and their management quality received least weighted.

In another study by R. C. Chitrakar has pointed out various combinations of channel arrangement done by Bansbari Leather and Shoe Factory at different occasions and the reasons for change made in earlier managements. His further stated that dissatisfaction of dealers over their sales in non-durability of shoes and high prices followed by inefficient delivery system.

R. N. Pradhan in his study discussed the strategies and policies and policies adopted by Hetauda Textile Industries Ltd. for managing distribution. He expressed that company did not have written and expressed policy about the decisions and the effort which the company had placed in that variables was insufficient to make effective distribution. The dealers had grievances that they were not getting the goods as per their orders in time. (*Pradhan, 1987, P-92*)

In his conclusions, he has stated that Milk Holiday (MH) is an obliging decision of DDC. These MH cause anxiety and financial losses to the milk producer and their Milk Production Associations (MAPs). The quantity of milk not collected due to the MH can not be accurately determined. In order to establish a true base for future projection and to understand the magnitude of the problems caused by MH the data relating to actual loss the farmers should be collected and maintained. The main cause of MH is the import of powder milk and butter oil by DDC. To do away with the MH market promotion is necessary. Moreover, for the promotional of market, it is suggested that importance of milk should be publicized at school level. Milk and milk products in liquid form should be supplied to children instead of powdered milk. The promotion of milk must be done simultaneously with that of green vegetable. Skimmed milk power factory should be established wherever necessary. In order to expand the marketing of milk a "drink milk campaign" should be organized at the local level and national level. Radio and television should be broadcast promotional programs for milk products. He suggested that, there is a need to develop more appropriate and economical chilling centers technology for further expansion. There is considerable scope to increase their utilization. Selling and distribution system and sale centers. At least one MAP member should be trained

about maintenance of milk quality and provision of veterinary services. Farmers do not totally depend on DDC for marketing their milk but establish their own processing and marketing system. The price of milk should be set in consideration of the actual cost of milk production.

Bhoj Raj Bhatta has written a thesis on "Distribution Channel of DDC", with the basic objective to study the channel of distribution followed by Kathmandu Milk Supply Scheme (KMSS) of DDC to transfer its product (especially milk) from its factory to ultimate customers. To meet the basic objective, following additional objectives have been proposed.

To investigate the attitudes and behaviors of users towards the product, its available quality etc. to find out the market share of milk of KMSS and to investigate the attitude and behaviors of channel members towards its distribution system.

Bhatta had used both primary and secondary data and concluded that there are nearly 681 unauthorized milk sellers (retailers) who are selling milk purchased from authorized milk sellers who are generally grocery shops equipped with freezer.

The production of milk of DDC and demand of the milk by milk seller is nearly same. The commission received by the dealers is very small so that proper care of the milk to be sold to the consumers can not be maintained by them.

Consumers have preferred DDC's milk because they are well pasteurized and refrigerated and habituated with it from many years, while regular supply easy availability and cheaper rate are the causes of preferring

private diary milk. Although DDC's main objective is to serve the customers by providing them its production in proper time and proper place, still consumers have to face so many difficulties to get milk.

His thesis is also mentions that, KMSS has a formal channel of distribution viz: Factory - Dealer - Consumers. The other channels are formed informally due to shortage of milk.

2.19.2 International Context:

Mitom T. Cunningham and T. Roger Pyatt have done a exploratory research on the title "Marketing and purchasing Strategies in the Distribution Channels of Mid-range computers" with the prime objective to study how hardware manufacturers used and manage the independent use and manage the independent distributors in the markets of mid-range computer. Some secondary objectives which were proposed were.

- i) To study the extent to which "interactive" marketing and purchasing is being applied by companies.
- ii) To measure the firm and quality of the marketing and purchasing interactions taking place "down" channels to the end-users, and then "up" the channels to manufacturers.
- iii) To research any conflicts in the channels of distribution in order to see how they are being resolved.

The research has highlighted the role which distribution channel intermediaries have performed in the penetration of computers in the business market. Major structural changes have accompanied the growth in the demand for mid-range computers into diverse vertical market

segment. The strategy among three major computers manufacturers, their value-added distributors, and end-users has identified the conflicts which arise in marketing channels under strong competitive pressure; yet attempting to reconcile the technological innovation of suppliers with their end-users needs for system stability and reliable support services has been on relationship management. This "interactive" approach to high-technology marketing and purchasing was tasted by contrasting a traditional mechanistic approach to marketing with the customer-oriented "organic" approach favored by some suppliers.

An article was published in *International Marketing Review* about the research done by Gaitom Tesfom, Clemens Lutzs and Pervez Ghauri⁷⁰ with the objective to examine the organization of export-marketing channels of small to medium-sized enterprises in developing countries. The key question was to understand how and why the organization channels differ between exports to develop and developing countries.

A qualitative model was developed to structure the factors that might explain the differences. Transaction cost theory and resource dependency theory were used to identify the factors in the model.

They concluded that for the Ugandan Traders, two reasons explained why they are not interested inflexible supply contracts, subcontracting and joint ventures agreements. Their resource base is too weak to allow for these investment and the quantities involved are too small to justify the choice for fixed partner. Considering the transactional costs involved, outsourcing the marketing functions in the Netherlands is the best solution for the Eritrea manufactures. Entry to Ugandan market is difficult as direct investments are needed to serve the buyers in

Kamapala. Due to the small volumes involved, it doesn't seem to be feasible to invite middlemen from Uganda to buy direct in Eritrea. A solution for this dilemma may be the opening of an intermediate sales outlet (or representative) in the wholesale market in Dubai. Taking into account the resources constraints of the manufacturers in Eritrea. They have drawn the conclusion that entry to the European market may be easier than entry to the Ugandan market.

With regard to the differences observed between marketing channels in developing and developed countries, they further noted that the availability of proper institutions facilities and exchange process and makes differences in organizing marketing channel. They observed that the marketing channel design for the Ugandan market is shouter than the design for the Dutch market. In Uganda, a lack of institution increases uncertainty and consequently, encourages the integration of distribution functions.

2.20 Research Gap

Most of the manufacturing companies of Nepal have not sufficient information about the factors that are essential in managing distribution channel effectively and efficiently and very few research works have been done in the field of distributions channel management in Nepal. The review of different problems of dairy marketing promotion, to study past trend of milk collection and distribution by DDC, to suggest methods to overcome existing marketing problems of farmers, cooperative, milk production centers of DDC, Strategies and policies and policies adopted by Hetauda Textile Industries Ltd. for managing distribution, policy and strategy in case of distribution of Biscuits industries, Nepalese Handmade paper and Paper products, distribution system of Janakpur Cigarette

Factory, distribution channels of Feed Industries in Nepal and Distribution system of Biratnagar Jute Mills Ltd.

In the same way the research works done by foreigners display how manufacturing use and manage their channels of independent dealer distribution in the marketing of mid-range computer systems. Particular emphasis is placed in organizational interactions and business relations between channel members.

They have examined the organization of export-marketing channels for small to medium-sized enterprises in developing countries and to understand how and why the organization of the channels differs between exports to developed and developing countries. The study would be helpful to use as a reference material in the Nepalese context to get some information about distribution channel management, especially to the studies of marketing management. This study would also be useful to the manager, industrialists and other interested business communities in the field of marketing management in Nepal. The company would also get some information about the current strengths and problems facing in the process of distribution. So the company can solve the existing problems and capitalize the strengths to reach their ultimate goal. Besides, it would be hoped to bring marketing awareness among Nepalese entrepreneurs to uplift the economy of Nepal.

CHAPTER-THREE

RESEARCH METHODOLOGY

Research methodology is concerned with various methods and techniques, which are used in the process of research studies. It includes wide range of method, including quantitative techniques for data analysis and presentation.

The main objective of the study is to evaluate the distribution system of the company throughout the country. The methodology has been developed according with the aim of achieving the objectives of the study.

First, the types and nature of research have been identified. Secondly, the population of the study has been determined and a required survey method has been chosen for convenience. Thirdly, the nature of data required for the study has been identified and thus appropriate data collection method has been employed to acquire the necessary data.

3.1 Research Design

This study is based on the case study design. The basic aim of the study is to study the distribution system of LCNPL and to provide suggestions to improve distribution system adopted by the company. Further the study highlights the attitudes and behaviors of channel members towards LCNPL products and its availability.

3.2 Population and Sample:

All the feed supplement companies engaged in the process of distribution system of LCNPL are the population of this study i.e. producer, distributors/dealers, wholesalers and retailers.

In order to get representative information from respondents all population i.e. all Nepal's sales representative (as far as possible) has been used through questionnaire.

This study has used Livecare Nepal Pvt. Ltd's distributors and sales person, at least two wholesaler, at least two retailers of every major cities have been selected by judgmental sampling method for the study.

3.3 Sources of Data

In this study, both primary and secondary data will be used. However, the use of secondary data is predominant and the researcher used primary data of all Nepal (from major cities of all Nepal) as far as possible. Primary information and data are gathered through questionnaire and personal interview. While secondary data are gathered from official records and publications.

3.4 Data Collection Procedure

Considering the nature of the problem, the required data re collected through questionnaire, personal interview and observation. In the major cities of all Nepal region it is administered the questionnaire personally, by mailing and by the helps from friends circle to the concerned executives and different channel member. The executives and different channel members were further interviewed (direct and telephonic) in order to generate information on other relevant and useful aspects not contained in the questionnaire or the aspects, which needed further clarification.

3.5 Method of Analysis

Graphs, tables and charts are used to analyze and present the collected data and information to make it more easily understood. Simple statistical

tools such as average, percentage, percentage change have been used in the process of analysis.

3.6 Data Analysis Procedures

The data collected from different sources have been computed, tabulated in different headings for the purpose of analysis. Different responses made by different respondents are analyzed through the percentage, which is brought out of total.

CHAPTER-FOUR

PRESENTATION AND ANALYSIS OF DATA

4.1 Introduction

This study is based on primary data as well as secondary data. Primary data are collected through questionnaire and interview of channel members and secondary data are collected from the official records and publication. Respondents are taken from major cities of Nepal where company has got its distributors and dealers and distribution channel member's i.e. wholesaler and retailers also. Full attention has been given while taking required information, so that the information can represent true facts and findings of the total population as far as possible.

In this chapter, data of sales of LCNPL produces in different years, satisfaction level of existing distribution system, procedures adopted by the channel members to place order, supply of goods to the company etc. are presented with their analysis.

4.2 Market Segmentation of Products

LCNPL has been producing & distributing different types of feed supplement & multivitamin to its channel member to serve the Nepalese poultry & cattle farming generally, in liquid category LIVECAL (calcium), PENTAVIT-C multivitamin, HEPACHRE (liver tonic). BIOVIN (B-complex), LCVIT-A (Vitamin-A) in power category BROVIT (Boiler Vitamin-mineral Mixture), Layvit (Layer Vitamin mixture), OPTIMINFOART (Cattle multivitamin), FURALIV (anti biotic), DOXYCOL (anti-biotic), LIVOTOX (toxin binder), HEPACURE (liver tonic), marketing, pricing and other related activities have been

doing under the mentioned assumption per the brands. At present we can see the company is aggressively promoting the Livecal & Pentavit-C brands through various promotional tolls like advertising public relation, sales promotion, publicity etc. Livecal is popular, its quality and price. It is one of the largest selling brands of feed supplement in Nepal. The product Livecal is popular all over the country because of its effectiveness and appropriate price.

4.3 Market Share of Livecare Nepal Pvt. Ltd.

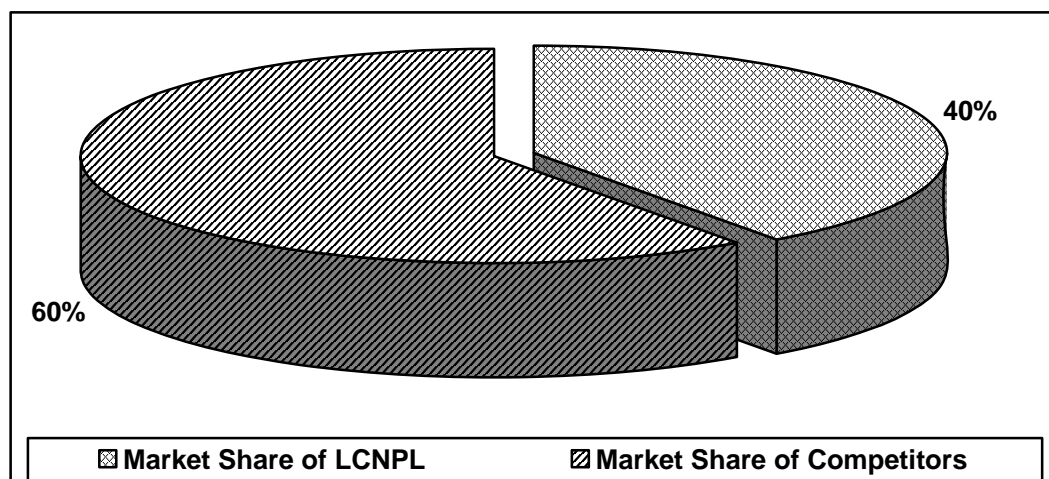
A recent survey was conducted by the company to know the total market available for feeds supplement share of company in a product of calcium (**Livecal**). The survey shows following figure.

Table No. 4.1
Market Share of Live Care Nepal P(Ltd)

Market	Quantity in Carton	Market Share in %
Market Share of LCNPL	80000	40%
Market Share of Competitors	120000	60%
Total Available Market Calcium	200000	100%

Source: A survey of Marketing Department of LCNPL

Figure No. 4.1
Market Share of LCNPL



Source: Survey of LCNPL, Marketing Department

The survey shows that total available of calcium feed supplement is 200000 Cartons (yearly). The Company has got 40% market share of the total market and 60% for competitors. The market share of the company is satisfactory.

4.4 Sales of LCNPL

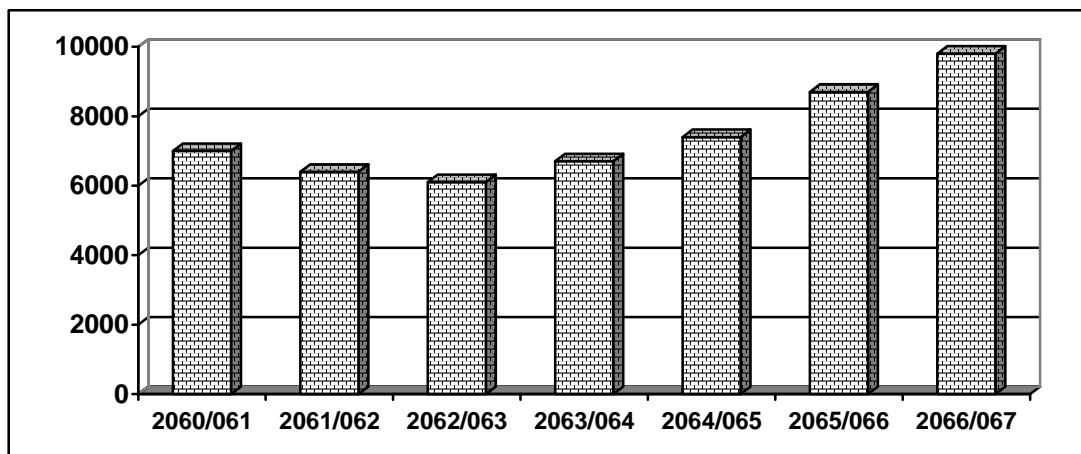
The sales of LCNPL are decreasing trend up to fiscal year 2061/062 but from fiscal year 2063/064 sales are in increasing trend. Following figures shows the sales and percentage change in sales of the company.

Table No. 4.2
Yearly Sales of LCNPL

Fiscal Year	Sales Rs. in Thousand	% Change
2060/061	7000	-
2061/062	6400	-9
2062/063	6100	-5
2063/064	6700	9
2064/065	7400	10
2065/066	8700	18
2066/067	9800	13

Source: A survey of Marketing Department of LCNPL

Figure No. 4.2
Yearly Sales of LCNPL



Source: Survey of LCNPL, Marketing Department

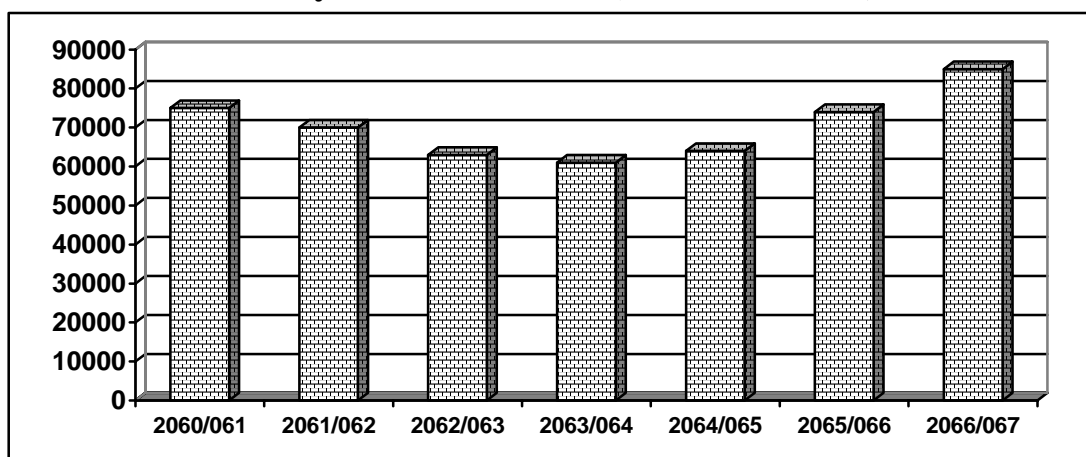
Above table and figure shows the total yearly sales of LCNPL in FY 2060/061 to 2066/067. LCNPL sales in decreasing in first three fiscal years 2060/061 to 2062/063 then increasing from 2063/064 to 2066/067.

Table No. 4.3
Yearly Sales of LCNPL

Fiscal Year	Sales Quantity in Carton	% Change
2060/061	75000	-
2061/062	70000	-7
2062/063	63000	-10
2063/064	61000	-3
2064/065	64000	10
2065/066	74000	9
2066/067	85000	11

Source: A survey of Marketing Department of LCNPL

Figure No. 4.3
Yearly Sales of LCNPL (Sales in Carton)



Source: Survey of LCNPL, Marketing Department

Above table and figure shows the total sales quantity of LCNPL product in FY 2060/061 to 2066/067. LCNPL product quantity sales in decreasing in first four fiscal years 2060/061 to 2063/064 then increasing from 2064/065 to 2066/067.

4.5 Present of Channel of Distribution of LCNPL

The market of feed supplement is very competitive at present situation. Different features and products knowledge is essential to deal with customers. Present, LCNPL has adopted the following distribution channels.

i. LCNPL-Customer (Direct Level)

This is the shortest channel or zero level distribution channel used by LCNPL in this channel LCNPL directly sells its product to customer on its own responsibility. By this method LCNPL is supplying products to large organization, Like Hatchery, Big Poultry firms and big firm houses etc. LCNPL executes different marketing approaches to generate large order. It supplies quotation of different organizations to generate purchase order. Different companies approach LCNPL to supply products at big quantity with better price. LCNPL negotiates with the companies and makes agreement to supply the products.

ii) LCNPL-Distributor-Dealer-Customer (Second Level)

This is the second level distribution channel of LCNPL. It contains two intermediaries i.e. distributor and dealer. LCNPL has appointed only 50 distributors according to the market size. In this method the distributor directly supply product to dealers. The distributor's responsibility is to control and monitor market. Distributor is responsible to pay credit amount if the dealer is unable to pay its outstanding.

iii) LCNPL-Distributor-Dealer-Retailer-Customer (Third Level)

This is the largest and popular third level distribution method of LCNPL. Here is three intermediaries i.e. distributor, dealer and retailer. Most of the customers cannot purchase the LCNPL products through dealers only

and hence common retailer is the more common channel of the ultimate customers.

Although this channel is more common, more popular and easier for the customer to buy products. In this channel the dealer supplies its products to different retailers in its own rational judgment. The rates for the retailers are different according to the dealers but rates for the customers by the retailers are not different.

4.6 Major Function Need to Perform by Channel Member

The major functions that the channel member generally needs to perform are:

- i) Work as a company representative
- ii) Easily products available to market
- iii) Forecast sales with in their territory
- iv) Market generate within their territory
- v) Provide prompt market information to the company.
- vi) Work as an intermediaries between company and market.
- vii) Support company to organize different promotional activities within their territory.

Even channel member perform such functions successfully, the distributors do not have any authority to fix price to the products and they are not found conducting promotional and other activities regularly.

4.7. Responses of Channel Member and Sales Representatives

This research is largely based on questionnaire. For this purpose data are collected from different sources and different channel members. First company office, detail discussion with marketing manager and vice

president has been conducted in other to find out the problems of the company. Self visit has been done to channel members of Kathmandu and data has been collected from major cities of Nepal through questionnaire with the help of LCNPL's sales representative to get required information.

4.7.1 Responses about Existing Channel of Distribution

A question related to existing channel of distribution was asked to know level of satisfaction about existing channel of distribution to respondent the response table no 4.4 is formed.

Table No. 4.4
Existing Distribution Channel of LCNPL

Response	Respondents	Percentage (%)
Very Satisfactory	1	0.74
Satisfactory	68	50.37
Moderate	61	45.19
Unsatisfactory	4	2.96
Very unsatisfactory	1	0.74
Total	135	100

Source: Field Survey 2068

As seen in the above table only 0.74% middlemen are very satisfied with the present distribution channel. Maximum middlemen i.e. 50.37% of total respondents) are satisfied, 45.19% middlemen are showed moderate response about present distribution system of company. 2.96% middlemen are unsatisfactory and 0.74% middlemen are very unsatisfactory with the present distribution channel and system of company.

4.7.2 Products LCNPL Selling by Channel Members:

Among total number of Channel members i.e. Distributors and dealers 18 middlemen are selling only LCNPL products. Remaining 9 dealers and

distributors are selling products except supplied by LCNPL. Among them most of the dealers are selling local company's cheapest price product for remote areas supply.

Table No. 4.5
Responses of Dealers about Sales of LCNPL product and other companies

Response	Respondents	Percentage (%)
Selling only LCNPL products	18	66.67
Selling products except supplied by LCNPL	9	33.33
Total	27	100

Source: Field Survey 2068

At present 66.67% of total respondents are selling LCNPL products and only 33.33% of total respondent are selling other companies products as well which shows the image of the company.

4.7.3 Procedures Followed by Respondents for Order of LCNPL Products:

The question related to procedure adopted by distributors, wholesalers and retailers to order products of LCNPL was asked to knot the distribution procedure of the company to respondent the response table no. 4.6 is formed.

Table No. 4.6
Procedure Followed by Respondent for Order of LCNPL Products

Response	Respondents	Percentage (%)
Directly order taking by company	33	30.00
Directly ordered by dealer	10	9.09
Ordered by company representative	65	59.09
Send goods without order	2	1.82
Total	110	100

Source: Field Survey 2068

Table shows that 30% of total respondent responses that head office members take order directly with them. Only 9.09% of total respondents direct call to company for order. 59.09% of total respondent responses that ordered were taking by company representative which shows highly aggressive sales team with the company and only 1.82% shows that goods are sending by company without order.

4.7.4 Regular Visit of Company Sales Representative:

All distributors, dealers, wholesalers and retailers are agreeing that company sales representative come to them to monitor market, to co-ordinate and to solve the problem facing by them.

Table No. 4.7

Regular Visit of Sales Representative of LCNPL

Response	Respondents	Percentage (%)
Yes	122	90.37
No	13	9.63
Total	135	100

Source: Field Survey 2068

According to the above table, 90.37% middlemen and sales representative agree for regular visit of company representative with schedule time and only 9.63% middlemen do not agree for regular visit of company sales representative.

Among them who agreed for regular visit of sales representative said that the frequency of visiting is high i.e. minimum 3 to 4 times per month. They said that they visit them regularly to give pressure for order, payment and to make better market too.

4.7.5 Regular Supply of Products by LCNPL:

In order to find out how far the company is successful in distributing its products to its channel members, they were asked the question. Does the

company supply products in time? Respondent response was shown in following table.

Table No. 4.8
Regular Supply of Products by LCNPL

Response	Respondents	Percentage (%)
Yes	119	88.15
No	16	11.85
Total	135	100

Source: Field Survey 2068

According to the above table, 88.15% middlemen and sales representative agree for regular supply of products by LCNPL and only 11.85% middlemen do not agree for regular supply of products by company.

4.7.6 Frequency of Order of LCNPL Products by Middlemen

As there are no any certain criterions for frequency of order, the distributors, wholesale, retailers do orders as for there requirement. A question related to frequency of order placed by middlemen for LCNPL products which shows the how fast moves the products of LCNPL respondent the response is shown in the following table.

Table No: 4.9
Frequency of Order by Middlemen

Response	Respondents	Percentage (%)
Once a month	21	15.56
Twice a month	10	7.41
As per requirement	104	77.03
Total	135	100%

Source: Field Survey 2068

As seen in the above table 15.56% middlemen ordered once a month and 7.41% middlemen ordered twice a month whereas 77.03% respondent responses that goods was ordered as per requirement which shows there is no idea about when the product are finished. That means marketing movement should be increased.

4.7.7 Goods Receiving Time of LCNPL Products

A question related to time required to receive products was asked to LCNPL dealers, wholesalers, retailers and sales representatives. Their responses are shown in the table:

Table No. 4.10

Goods Receiving Time of LCNPL Products

Response	Respondents	Percentage (%)
Immediately	46	34.07
After one day	38	28.16
After two days	19	14.07
More than three days	32	23.70
Total	135	100

Source: Field Survey 2068

Table shows that among the total respondents 34.07% get products immediately, 28.16% gets products after one day, 14.07% get products after two days and 23.70% get products more than three days of their order placement. The above mentioned time period are extending because of the current problems raised in the country.

4.7.8 Compensation Schemes Provided By LCNPL

LCNPL provides certain commission to its middlemen as business commission for selling its products. The types of compensation scheme provided by the company the question was asked for types of

compensation gating by them the responses was shown in following table.

Table No. 4.11
Compensation Schemes Provided by LCNPL

Response	Respondents	Percentage (%)
Commission Purchase	16	14.55
Additional Bonus	41	37.27
Cash Discount	20	18.18
Quantity Discount	33	30
Total	110	100

Source: Field Survey 2068

The above table shows that among the total respondents 14.55% are enjoying with commission purchase, 37.27% getting additional bonus, 18.18% taking cash discount and 30% of respondents enjoying with quantity discount.

4.7.9 Respondents about Incentive Provided by LCNPL:

To know responses about incentive provided by company, following data have been gathered.

Table No. 4.12
Incentive Provided By LCNPL

Response	Respondents	Percentage (%)
Very Satisfactory	7	5.19
Satisfactory	39	28.89
Moderate	69	51.11
Unsatisfactory	9	6.66
Very unsatisfactory	11	8.15
Total	135	100

Source: Field Survey 2068

As seen in the above table only 5.19% middlemen are very satisfied with the present incentive. 28.89% are satisfied and 51.11% middlemen are showed moderate response which is very high. 6.66% middlemen are unsatisfactory and 8.15% middlemen are very unsatisfactory with the present incentive provided by the company.

4.7.10 Responses about Customers when there is Shortage of LCNPL Product:

Any products may shortage for the short time at that situation to know the customer reaction at the time of shortage of LCNPL products at the time, the respondent response have been gathered in the following table.

Table No. 4.13
Customers Reaction at the Time of Shortage of LCNPL Products

Response	Respondents	Percentage (%)
Wait and again Recall	23	17.04
Purchase Similar Product	112	82.96
Total	135	100

Source: Field Survey 2068

According to the above table only 17.04% respondent responses that the customers will wait for LCNPL products and again recall for it and 82.96% respondent responses that the customer purchase similar product at the time of shortage of LCNPL products.

4.7.11 Responses about Brand Loyalty of LCNPL Products:

To know the brand loyalty of the LCNPL products the following response was found from respondents.

Table No. 4.14
Brand Loyalty of LCNPL Products

Response	Respondents	Percentage (%)
Again come to buy LCNPL products	92	68.15
Will not come next time	43	31.85
Total	135	100

Source: Field Survey 2068

From the above table 68.15% respondent responses that the customers are brand loyal and 31.85% respondent responses they will divert to another product.

4.7.12 Availability of LCNPL Products in the Market:

To know the availability of the LCNPL products the following response was found from respondents.

Table No. 4.15
Availability of LCNPL Products

Response	Respondents	Percentage (%)
100%	0	0
90% and above	9	15
80% and above	2	3.33
70 % and above	7	11.67
60 % and above	21	35
Below 60%	21	35
Total	60	100

Source: Field Survey 2068

Every respondents agreed that there was 0% areas, availability of hundred percent, only 15% areas there was ninety percent and above availability, only 3.33% areas there was eighty percent and above availability and there was 35% areas where there was below sixty percent availability.

4.7.13 Responses about Present Distribution Channel of LCNPL

To know the responses about present distribution channel of LCNPL products the following response was found from respondents.

Table No. 4.16
Present Distribution Channel of LCNPL

Response	Respondents	Percentage (%)
Continue the same channel	46	34.07
Necessary to further improvement	89	65.93
Total	135	100

Source: Field Survey 2068

According to the above table only 34.07% respondents responses to continue the same channel and 65.93% respondent suggested for necessary to further improvement.

4.8 Major Findings of the Study

The major findings of the study are as follows

1. Present LCNPL has adopted three types of distribution channels. LCNPL recognized only three types of channel structure and the one level (LCNPL – Dealer – Customer) distribution channels are not practiced by the company. It is not formal structures from the company’s point of view.
2. According to recent survey conducted by the company, it has got 40% market share of total market in product calcium (LIVECAL).
3. LCNPL has been producing and distributing different brand of product in different composition like LIVECAL (Calcium) PENTAVIT-C (Multivitamin), BIOVIN (B-Complex) HEPACURE (Liver Tonic) BROVT (Boiler vitamin with minerals) LAYVIT (Layer vitamin with minerals) FURALIV (Antibiotic). But market popular is LIVECAL, PENTAVIT–C liquid item & powder items is BROVIT.
4. There is remarkable sale on FY 2061/062 but the sale is slowly down from FY 2061/062 to 2063/064 but again there sales are extremely increasing from 2064/065 and 2066/067 is better.

5. Respondents use different sources of order procedures.
6. Channel member ordered products as per requirement and there are no any certain criteria of frequency of order.
7. The market representative visit market time to time to know the market position, order and to know dealers as well as competitor's activities.
8. The entire channel members are satisfied with the quantity and timely supply of product on abnormal situation of the country.
9. LCNPL is performing good distribution function as 0.74% of total respondents are very satisfied with the present distribution channel 50.37% are satisfied, 45.19% showed moderate, 2.96% showed unsatisfactory and 0.74% showed very unsatisfactory response about present distribution system of the company. So LCNPL needs to focus on different promotional activities to gear up in further market share.
10. At present 66.67% of total dealer are selling only LCNPL product in there segment and 33.33% of total dealers are selling other company's products along with LCNPL product due to survival.
11. 34% respondents get products immediately, 28% get product after one day, 14% get product after two days and 24% respondents get product more then three days of their order placement due to abnormal situation of the country.
12. Credit facility is the most importance influencing factor to sell LCNPL products intermediaries among the different factors.
13. At present company is providing commission purchase, additional commission/bonus, cash discount, and product discount (Deal) as incentive scheme to its dealers.

14. Majority of the respondents perceived incentives of the company are normal than competitor. Majority i.e. 51% of respondents responses the incentives provided by the company is moderate.
15. Credit facility given by LCNPL to its intermediaries is 45 to 60 days. If payment made with in 30 days, they can get 3% extra cash discount. LCNPL gives 3% cash discount on cash purchase to its channel members.
16. 83% respondents responses, whenever LCNPL product are short the market, the customer will purchase similar other company's product where as 17% replied that they do not buy other products.
17. When the product availability of LCNPL, again 68% respondents responses they will ask LCNPL products in second time and 32% will not ask for LCNPL products on second time.
18. The availability of the product are very low i.e. 70% respondents said there are below 70% availability.
19. 34% of total respondent responses for continue the present distribution channel where as 66% respondent responses that company should necessary to further improvement of present distribution channel. LCNPL participates in different trade fair, product display, exhibition display product are to give information about the products to customers.
20. Intermediaries are highly focused on good image to sell LCNPL products.
21. As per conversation, interviews, there is separate distribution department as well as good motivation factors among the labors, staff and management and good cooperation with good management system. Marketing personnel are well trained, experienced, motivated and loyal to the company.

CHAPTER–FIVE

SUMMARY, CONCLUSION AND SUGGESTIONS

5.1 Summary

The study has highlighted various facts & findings which have been summarized in this chapter.

LCNPL is the largest manufacture of feed supplement & poultry product. In the early stages of production the company launched its own brands “LAYVIT” in technical collaboration with Lohmann industry’s, Germany which becomes very popular home produced product in Nepal with quality and reasonable price product. Subsequent LCNPL launched another own brand “BROVIT” which becomes a popular home produced product on powder segment. Similarly, LCNPL has launched Livecal, Hepacure, Pentavit- C, Biovin, Lcvit-A, Doxycol, Furaliv, Livotox, Livecal –P as a own home produced products.

LCNPL has appointed distributors as per market requirements and now the company has appointed 50 distributors all over the country and it has segmented its market on five regions on the basis of geography.

1. (Zero-level) LCNPL - Customer
2. (Second-level) LCNPL – Distributor – Dealer – Customer
3. (Third-level) LCNPL - Distributor – Dealer –Retailer - Customer

LCNPL has been adopting selective channel strategy. It has appointed only a few outlets in a particular market. Selective distribution is used for consumer shopping and specialty goods, industrial accessory equipment, for which most customers have a brand preference.

To gear up sales, company always needs well distribution channel. Since LCNPL is performing well distribution channel, it needs to put more effort on promotional activities, so that market share can be grown up. With a view of promote sales, LCNPL is providing various bonanza, cash discount and quality discount as an incentives to distributor, wholesaler and retailers too and also takes part in various trade affairs, product display and exhibitions.

LCNPL has number of product line i.e. Layvit, Brovit, Livecal, Hepacure, Pentavit-C, Biovin, Lcvit-A, Doxycol, Furaliv, Livotox and Livecal-P etc. from initially BROVIT and LAYVIT are very popular brands in the marker and at present LIVECAL & PENTAVIT-C also are the popular brands in the market. Eventually LCNPL has achieved 40% of total market share. As past, sales were quite fluctuating but these days sales are increasing in most desired manner.

Members of distribution channels use different source to order the products as per their requirements. 34% respondents get products immediately, 28% get products after one day, 14% get products after two day & 24% respondents get products more then three days of their order placement. LCNPL has also satisfied their channel members regarding quantity & timely supply of products in the present situation of the country. Furthermore channel members are more interested to sell these products due to credit facility and good image of the product.

Sometime company sends its higher person to visit to market so as to know the exact trend of market growth and position of dealers as well. Moreover personal keep bird eye view to the activities of competitors so that strength and weakness of the competitors can be short out.

In the not sales through LCNPL has separate distribution departments which is helping to company's sales are increasing day by day.

5.2 Conclusion

The conclusion of the study can be mentioned as follows:

LCNPL has been producing and distributing different brands of feed supplement & poultry product to its channel members. The company has segmented a product in two categories which is one poultry product like Brovit, Layvit, Livecal –P, Furaliv, Lcdot, Lcvit-A, Doxycol & another is Cattle product are Livecal, Pentavit-C, Hepacure & Optiminfort. All the above brands are LCNPL's own local brands of Nepal.

Presently, LCNPL has adopted three types of distribution channels. LCNPL recognized only three types of channel structure and (one level) LCNPL–Dealers-Customer. Researcher haven't format structure from the company's point of view. LCNPL has been appointed only few members of distribution for a particular market since it has been adoption selective channel strategy. At present 1% of total respondents are very satisfied with the present distribution channel system, 50% are satisfied, 45% showed moderate response about present distribution system of company and 4% are unsatisfactory with present distribution channel and system of company. At present 66.67% of dealers are selling only LCNPL products and 33.33% of total responses are selling other company's products as well. The very minimum numbers of dealers selling other company's product along with LCNPL products.

Only 30% of total respondents direct call company for order where as 70% respondents responses that the order are either direct take by the company or company's sales representative order to the company which shows better distribution network of the company.

The personnel of marketing visit market time to time to know the market position, to take order and know dealers as well as competitor's activity.

34.07% respondents get product immediately, 28.16% get product after one day, 14.07% get product after two days and 23.70% respondents get

products more than three days of their order placement. LCNPL delivers products on its own transportation cost.

The most important influencing factor to sell LCNPL products for intermediaries among the different factors is credit facility of the product.

0.74% of out total respondents said that incentive provided by company very satisfactory, 50.37% perceived it as a satisfactory, 45.19% perceived it as moderate i.e. not good and not bad and next 2.96% perceived as unsatisfactory. Intermediaries are very happy with the co-operation provided by the company.

Credit facility given by LCNPL to its intermediaries is 45 to 60 days on business faith. If the payment is made within 30 days, they can get 3% extra cash discount (CD). LCNPL also doing transaction with intermediaries on bank guarantee and bank letter of credit.

LCNPL is participating in different trade fairs and exhibitions to display product and to give information about the products to customers at different places organized by different organizations. 8% of total middlemen have to sell LCNPL product to make high profit, 67% of total middlemen have to sell LCNPL products to make good image and 25% of total middlemen have to sell LCNPL products due to prompt delivery factors. As per conversation, interviews, there is separate distribution department as well as motivation factor among the labors, staff and management and good cooperation with good management system. Marketing personnel are well trained, experienced, motivated and loyal to the company.

When the product is available of LCNPL, again 68% respondents say that they will be again ask LCNPL products in second time and 32% will not ask for LCNPL products on second time. 34% of total respondent's responses for continue the present distribution channel whereas 66% respondent responses that company should necessary to further improvement of

present distribution channel. Company must improvement their distribution channel to increase the availability of the LCNPL products in the market which is support to further grow of the company.

At the present time without increasing of availability in every market, it is very much difficult to increase sales as well as sustain the sale of LCNPL. As per conversation, interview, the every mediators of LCNPL followed the government rules to sell the LCNPL products.

5.3 Suggestions

On the basis of findings drawn from this study, following suggestions and recommendations are advised to the manufactures in order to improve the distribution performance of LCNPL.

1. LCNPL needs to increase the number of dealers according to the size of the market and geographic structure of the company as Limited number of dealers for a particular market specially eastern part market which can not cover from present dealers by convincing to them.
2. LCNPL should focus its market not only in the major cities of Nepal but also in the villagers.
3. LCNPL needs regular control to its credit amount rather than restricting to supply products to the dealers which have crossed beyond the credit limit and not paying credit amount within credit period.
4. LCNPL needs to motive its channel members to organize promotional activities by themselves company should provide extra incentives to the dealers for the promotional campaign.
5. At present dealer's motivation its product demand in the market is very high. LCNPL is suggested to consider middleman's and customers need, want and preferences while applying new or to

change plans, policies, rules and price to long term stable in the market.

6. Middlemen agreed for regular product supply in normal time but complained for shortage of product in peak season and it is going on from the few years. Because of the shortage they are loosing their high sales in peak season. LCNPL shortage of product has greatly discouraged to customer satisfaction. So it is suggested to manage proper inventory control system and sales forecast.
7. LCNPL is performing well distribution function. LCNPL needs to adopt different promotional tools to gear up market share. It is suggested to introduce different schemes. At present LCNPL is spending high budget in developing and launching of the new product and ignoring to promote the existing brands which is selling good volume. LCNPL should give high focus to advertising and developing the branding image of the products.
8. LCNPL is suggested to establish separate brand and advertising department as well as need to use different motivational tools for the staff and management there should be further good cooperation and better management system.
9. LCNPL is suggested to establish market segmentation of the products, by proper analyzing of customers affecting factor of the different market.
10. LCNPL should develop cheaper price products too as per market demand and competitors market available in the market.
11. LCNPL must increase availability of their products in the market with the further improvement of present distribution channel of the company and further motivation to the sales personnel and channel members.

12. LCNPL should revise their incentives to the channel members better to the competitors.
13. LCNPL should try to prompt delivery of goods to their channel members which decrease the shortage of the product in the market.
14. LCNPL should implement promotional campaign for those customers who are diverted to the similar competitor products.

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APPENDIX-I

Questionnaire

Dear Sir / Madam,

First of all I would like to introduce myself as a student of Birendra Multiple Campus, Master in Business studies (M.B.S.). In order to fulfill my partial requirements for the Master Degree in Business Studies, I am going to prepare a dissertation entitled "Distribution Channel and Its Impact on Product Availability".

I would be gladly appreciated if you could spare some of your valuable time to provide your valuable suggestions and opinions by filling this questionnaire. Your opinions will be very useful and they will guide me for completing my research work.

I assure you to keep your detail confidential. I am looking forward to your cooperation as soon as possible.

Thanking you.

**Yours Sincerely,
Dil Maya Gurung**

Distribution Channel and Its Impact on Product Availability

Organization's Name:

Address:

Please you are requested to tick (\checkmark) the answer of your choice or wherever appropriate rank the options as your preference.

A) Distributor:

1. What is your response about the existing channel of distributions for the organization?
 - a) Vary Satisfactory
 - b) Satisfactory
 - c) Moderate
 - d) Unsatisfactory
 - e) Very Unsatisfactory
2. Are market representative of LCNPL are visiting regularly in your area?
 - a) Yes
 - b) No
3. Are you getting the goods of your order regularly?
 - a) Yes
 - b) No
4. After how much time you are getting the goods of your ordered?
 - a) Immediately
 - b) After 1 days
 - c) After two days
 - d) More then 3 days
5. While purchasing the goods which types of schemes are marked in your criteria?
 - a) Commission purchase
 - b) Additional bonus
 - c) Cash discount
 - d) Quantity discount
6. What types of the response regarding scheme as compared to competitor?
 - a) Normal
 - b) Good
 - c) Better
 - d) Best
7. What factor motivated you when you sell LCNPL products?
 - a) High profit
 - b) Good Image
 - c) Delivery factors
 - d) All of above
8. Is it necessary for the improvement of present distribution channel?
 - a) Not necessary
 - b) Necessary to further improvement

