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**A STUDY ON EFFICIENCY OF DISTRIBUTION SYSTEM OF  
DOUBLE HORSE PRODUCTS**

by

**SISHITH.V.C  
(2014-31-124)**



**MAJOR PROJECT REPORT**

Submitted in partial fulfillment of the  
requirements for the Post Graduate Degree of

**MBA IN AGRIBUSINESS MANAGEMENT**

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**Kerala Agricultural University**



**COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT**

**VELLANIKKARA, THRISSUR- 680656**

**KERALA, INDIA**

**2016**


## *Declaration*

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## DECLARATION

I, hereby declare that this project report entitled “A STUDY ON EFFICIENCY OF DISTRIBUTION SYSTEM OF DOUBLE HORSE PRODUCTS” is a bonafide record of work done by me during the course of project work and that it has not previously formed the basis for the award to me for any degree/diploma, associateship, fellowship or another similar title of any other University or Society.

Vellanikkara  
18-08-2016

  
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*Certificate*

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## CERTIFICATE

Certified that this project report entitled “A STUDY ON EFFICIENCY OF DISTRIBUTION SYSTEM OF DOUBLE HORSE PRODUCTS” is a record of project work done independently by Mr. Sishith.V.C under my guidance and supervision and that it has not previously formed the basis for the award of any degree, fellowship, or associateship to him.

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## CERTIFICATE

We, the undersigned members of the advisory committee of Mr. Sishith.V.C, a candidate for the degree of MBA in **Agribusiness Management**, agree that the project work entitled "**A STUDY ON EFFICIENCY OF DISTRIBUTION SYSTEM OF DOUBLE HORSE PRODUCTS**" may be submitted by Mr. Sishith.V.C, in partial fulfillment of the requirement for the degree.



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*For any errors or inadequacies that may remain in this work, of course, the responsibility is entirely my own.*

**SISHITH.V.C**

## CONTENTS

Chapter No.	Title	Page No.
1	Design Of The Study	01-06
2	Review Of Literature	07-13
3	Manjilas - A Profile	14-30
4	Industry Profile	31-43
5	Efficiency of Distribution System – An Analysis	44-70
6	Summary of Findings, Conclusion and Suggestions	71-75
	Bibliography	
	Appendix	

## LIST OF TABLES

Table NO.	Title	Page No.
5.1	Gender wise classification of Distributors	44
5.2	Age wise classification of Distributors	45
5.3	Experience in the distribution business	45
5.4	Collaborating with Double Horse	46
5.5	Reasons for adopting distribution of Double Horse	46
5.6	Satisfaction with margin, discount and service offered	47
5.7	Problems in getting orders delivered	48
5.8	Number of retailers with the distributor	48
5.9	Orders from Retailer in a month	49
5.10	Time required to deliver the order	49
5.11	Staffs in the distribution route	50
5.12	Taking back expired products	50
5.13	Problems with retailers	51
5.14	Gender wise classification of the Retailers	51
5.15	Age wise classification of Customers	52
5.16	Education Details	52
5.17	Nature of the shop	53
5.18	Period of time in the Retailing Business	53
5.19	Reason for association with Double Horse	54
5.20	Performance of Distribution System of Double Horse	55
5.21	Satisfaction with margin, discount and service offered	56
5.22	Timely Delivery of Double Horse products	57
5.23	Problems in order Delivery	58
5.24	Time required for receiving the delivery	58
5.25	Frequency of visit by the distribution staff	59
5.26	Uniqueness in the distribution of Double Horse	59
5.27	Expectation from Double Horse	60
5.28	Extent of margin	61

5.29	Appropriate level of margin	62
5.30	Shelf life of products	62
5.31	Frequency of replacement	63
5.32	Gender wise classification of the customers	63
5.33	Age wise classification of Customers	64
5.34	Domicile Location of the Customers	64
5.35	Occupation wise classification of customers	65
5.36	Monthly Family Income of Respondents	65
5.37	Weather used the product or not	66
5.38	How long being using Double Horse Products	66
5.39	Preference of the customers	67
5.40	Frequency of purchase	67
5.41	Purchase of Grocery	68
5.42	Availability of Products	69
5.43	Problems with the product as perceived by customer	70

## LIST OF FIGURES

Figure No.	Title	Page No.
Chart 3.1	Board of directors	16
3.1	Production process	21
3.2	Organizational chart of marketing department	23
3.3	Distribution channel	24
5.1	Reason for association with Double Horse	55
5.2	Uniqueness in the distribution of Double Horse	60

*Chapter - 1*  
*Design of the Study*

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# Chapter- I

## DESIGN OF THE STUDY

### 1.1 Introduction

A Distribution Channel is a set of interdependent organizations (intermediaries) involved in the process of making a product or service available for use or consumption by the consumer or business user. Channel decisions are among the most important decisions that management faces which directly affect every other marketing decision. A channel of distribution or trade channel is the path or route along which goods move from producers to ultimate consumers or industrial users. In other words, it is the distribution network through which a producer puts his product in the hands of actual users. The channel of distribution includes the original producer, the final buyer and any middlemen-either wholesaler or retailer.

In modern business distribution network has a great impact on the success of any business. In the Fast Moving Consumer Goods (FMCG) segment the role of an excellent distribution channel becomes even more crucial because the delivery of FMCG Product is confined to day to day basic. Hence in order to survive and thrive in a highly competitive market you have to have a distribution channel which has no problem at any point of the distribution channel.

The factor which is of crucial importance to survive in any business is the understanding of the mind of the individual consumers. What are main characteristics which consumer consider while making a purchasing decision regarding FMCG product. In order to make right decision regarding all these aspects the company requires a complete knowledge of the problems faced in distribution channel and solutions to overcome the problems.

Normally four types of effective channel distribution systems are followed by organizations.

They are:-

1. Producer-Customer
2. Producer -Retailer-Customer
3. Producer-Wholesaler-Retailer-Customer
4. Producer-Agent-Wholesaler-Retailer-Customer

Manjilas, the mother brand of Double Horse, was founded in the year 1959, as a rice milling company selling high-quality rice grains. The brand, on the strength of its commitment to deliver only the best quality products to its customers has witnessed a

phenomenal growth over the years. It revolutionized the food sector in Kerala becoming the first ISO 9001:2000 certified Rice Mill in the state and the first food brand to introduce sortex rice, stoneless rice and colour grading. Today, Manjilas Double Horse offers its customers the widest variety of good food with more than 20 superior types of rice and 200 premium quality food products in different ranges.

## **1.2 Statement of problem**

Due to the upcoming of new competitors in the market the company has to struggle a lot to sustain its share in the market. The company mainly focus on delivering quality products and to ensure satisfaction of its customers. In doing so, often they are not keen on mass media advertising which renders low reach to its products among potential buyers in the market. Hence to improve its market share and be competitive among other competing brands, the company should recast its marketing strategy, especially its distribution strategy.

To increase the sales the way out for every companies is to ensure reach of their products to maximum sales outlets, through which the maximum sales could be carried out. For this the company should look for the best supportive distribution system. The distribution should be fast and accurate so that the needed products will reach the needy customers at the right time, which may contribute to enhancing the good will of the company in the minds of the customers. Many companies do fails in maintaining an appropriate delivery system. In this context, the present study aims to find out whether the distribution system of the Double Horsebrand products are carried out in an efficient way or not.

This study examines the efficiency of distribution channel of Double Horse in Thrissur district. It studies whether the product is being distributed efficiently or not in the market, and whether the customers are satisfied with the availability of products in the present condition. It also studies whether there is any service gap in relation with the distribution channel of Double Horse and if it is there, how it can be solved. The study took into account of all the elements included in the distribution channel like frequency of order, period, route, satisfaction levels etc.

## **1.3 Objective of the study**

The specified objectives of the project are,

1. To study the efficiency of the distribution system of Manjilas foods (Double Horse).



2. To know the attitude of distributors, retailers and customers towards the distribution network.

## 1.4 Methodology

### 1.4.1 Location of the study

The study conducted at Thrissur Corporation and sub urban areas (15km radius from production unit). The samples are taken from different actors in the distribution channel like

1. Super Markets
2. Retail stores
3. Distributors
4. Customers

### 1.4.2 Data Collection

#### Sampling Design

For the study we are going to take the samples from the following sample frame

Sample Place	Sample Size
Distributors	3
Retail Stores	35
Customers	50
Total	88

For this study we are using the Random sampling and Purposive Sampling Technique. Random sampling technique will be used to collect the samples of the retailers and customers since the sample size is large in number.

We can carried out the purposive sampling technique for the distributors, because of the reasons that the company is not ready to provide the names of the distributors and so the sample is so small.

#### Primary Data:

Primary data was collected through well-structured interview schedule, administered among samples of distributors, retailers and customers.

## Secondary Data:

Secondary data used include records and information from office records, publications, research reports, newspapers, internet sources articles, published thesis, journals, e-resources etc.

### *1.4.4 Data Analysis*

The data is analysed using percentages and index calculated for the specific purpose.

#### *1.4.4.1 Likert scale*

Likert distinguished between a scale proper, which emerges from collective responses to a set of items (usually eight or more), and the format in which responses are scored along a range. When responding to a Likert questionnaire item, respondents specify their level of agreement or disagreement on a symmetric agree-disagree scale for a series of statements. The range captures the intensity of their feelings for a given item. A scale can be created as the simple sum of questionnaire responses over the full range of the scale. In doing so, Likert scaling assumes that distances on each item are equal.

#### *1.4.4.2 Likert scales and item*

In this study Likert scale in a five point continuum is used. The Likert scale is the sum of responses on several Likert items and a Likert item is simply a statement which the respondent is asked to evaluate according to any kind of subjective or objective criteria; generally the level of agreement or disagreement. It is considered symmetric or "balanced" because there are equal numbers of positive and negative positions. Often five ordered response levels are used. The format of a typical five-level Likert item, for example, could be:

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree (No Opinion)
4. Agree
5. Strongly agree

Likert scaling is a bipolar scaling method, measuring either positive or negative response to a statement. Sometimes an even-point scale is used, where the middle option of "Neither agree nor disagree" is not available. This is sometimes called a "forced choice"

method, since the neutral option is removed. The neutral option can be seen as an easy option to take when a respondent is unsure, and so whether it is a true neutral option is questionable.

Formulae used to find the Index :

$$\text{Index} = \frac{((\text{RSA} * 5) + (\text{RA} * 4) + (\text{RNO} * 3) + (\text{RDA} * 2) + (\text{RSDA} * 1))}{\text{TR} * 5} * 100$$

RSA = Respondents Strongly Agree

RA = Respondents Agree

RNO = Respondents with No Opinion

RDA = Respondents Dis-Agree

RSDA = Respondents Strongly Dis-Agree

TR = Total Respondents

## ***1.5 Observations***

### **At Distributors level**

- Frequency of ordering
- Time taken between order and delivery
- Delivery period
- Distribution Route

### **At Retailers level**

- Frequency of ordering
- Time taken between order and delivery
- Satisfaction of retailers on the margin they receive

### **At Customer level**

- Brand preference
- Availability of product in the market
- Satisfaction level

## ***1.6 Scope of study***

In the FMCG sector the number of competitors are increasing day by day and to be the leader in this field every company has to create a good value about the company in the minds of the customers, for that one of the main attribute is the distribution channel of the company. By this study the main idea is to know how efficient is the distribution channel of the Manjilas group and if there are any problems to give some suggestions to resolve it if needed.

1. Find out the efficiency of the currently available Distribution System.
2. To give suggestions for improving the present distribution system if needed.

### ***1.7 Limitations***

The main limitations to the study are

1. The primary data collected from distributors, retailers and customers may subject to personal bias.
2. The data collected from the company is not very much appreciable, they provide the data according to their needs.
3. The company is not ready to provide the data needed for the project, which has negatively affected the overall quality of the project.

### ***1.8 Chapterisation***

The study is presented in six different chapters. The chapter I discuss the design of the study which includes the objectives and procedures of the study. Review of literature is covered in the second chapter. The chapters III and IV are devoted for the profile of Double Horse and industrial profile. Analysis of the survey results is presented in chapter V and chapter VI deals with the summary of findings and conclusion.

*Chapter - 2*  
*Review of Literature*

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## Chapter II

### REVIEW OF LITERATURE

Marketing channel decisions are among the most important decisions that management faces today. Indeed, if one looks at the major strategy of the marketing mix (product, price, promotion and distribution), the greatest potential for achieving a competitive advantage now lies in distribution. Distribution, as one of four elements of marketing complex, is an inseparable part of marketing decisions which involves all the decisions about distribution of products to the end user. The issues of distribution were analyzed by a number of marketing specialists, paying a big attention to the elaboration of the procedures of marketing channel design.

Distribution still offers a new frontier for competing successfully, especially if the emphasis is placed on the design and management of superior marketing channel systems to provide excellent customer services. Yet designing optimal marketing channel systems to boost sales, formulating innovative distribution strategies and managing channels system effectively is no simple task. (Obaji, 2011)

The very earliest formal conceptions of marketing channels focused on the functions performed by a distribution system and the associated utility of these functions and the overall system. Reflecting their presence in industrial and transitional economies, marketing channels gradually came to be viewed as the set of interdependent organizations involved in the process of making a product or service available for use or consumption (Coughlin, Anderson, Stern, & El-Ansary, 2001). This institutional oriented perspective draws attention to those members (e.g. wholesalers, distributors, retailers, etc.) comprising the distribution system and engaged in the delivery of goods and services from the point of conception to the point of consumption (Anderson & Coughlan, 2002). The management of such institutions through marketing channel management involves the planning, organizing, coordinating, directing and controlling efforts of channel members (Gundlach et al, 2006).

In general, the concept of distribution refers to where and how product and services are to be offered for sale, all essential mechanism and logistical supports for the transfer of goods and services as well as ownership of goods and services to the customers (Stern et al, 2006). A successful marketing channel ensures that a desired product is distributed in a desired amount to a desired channel to satisfy the desired consumer (Kotler & Keller, 2009).

One of the initial problems encountered when the area of integrated distribution is discussed is the problem of definition. No single "model" distribution system can be tailored for all business firms. The distribution function, like other functions of the firm, must be developed within the framework of management philosophy and available resources of the individual firm. During the 1960s, three characteristic or identifiable approaches to integrated distribution management have emerged. They are: physical distribution management, materials management and business logistics. (La Londe, Grabner, & Robeson, 1993).

A channel of distribution can be defined as the collection of organization units, either internal or external to the manufacturer, which performs the functions involved in product marketing. These functions are persuasive and include buying, selling, transporting, storing, grading, financing, market risk bearing and providing marketing information. A channel member is an individual organization unit institution or agency that performs one or more of the marketing functions and by doing so has an active role in the channel of distribution (Lambert, 1978).

Physical distribution has been acknowledged as being an important component of channel management. However, relatively little attention has been paid to physical distribution function in channels research within the marketing literature. The general topic has received more emphasis in other literatures, such as in operations management, logistics, transportation, purchasing and information technology, with a general focus on how product orders can be efficiently and effectively processed, and then delivered to channel members and end-customers. Among the main areas of interest have been inventory management, the number placement, and design of warehouses or distribution centers, the use of technology to aide in processing orders, delivery options to customers, and customer payment methods.

The lack of attention to physical distribution in channels research in marketing is unfortunate. Physical distribution functions will impact both channel organization and the manner in which channel relationships are coordinated over time. More clarity is necessary on the role of physical distribution functions within the general domain of channel management (Frazier, 2009).

Channels of distribution can be viewed as social systems comprising a set of interdependent organizations, which perform all the activities (functions), utilized to move a product and its title from production to consumption (Stern & Neskett, 1969; Stern, 1971). Because of this interdependency there arises a need for some form of co-operation between

channel members and co-ordination of activities. This co-operation and co-ordination is necessary in order to ensure predictability and dependability between members which will allow individual organizations to plan effectively. Also, conflict arises in channels, because members sometimes have incompatible goals, differing ideas as to the functions each should perform, and differing perceptions of reality. This conflict needs to be controlled so that it does not disrupt channel functioning (Wilkinson, 1996).

Channels of distribution move products and services from businesses to consumers and to other businesses. Also known as marketing channels, channels of distribution consist of a set of interdependent organizations involved in making a product or service available for use or consumption. Channel members are assigned a set of distribution tasks by those responsible for channel management.

For many products and services, their manufacturers or providers use multiple channels of distribution. Personal computers, for example, might be bought directly from the manufacturer over the telephone, via direct mail, or through the company's web site on the Internet or through several kinds of retailers, including independent computer stores, franchised computer stores, and department stores. In addition, large and small businesses may make their purchases through other outlets.

Channel structures range from two to five levels. The simplest is a two-level structure in which goods and services move directly from the manufacturer or provider to the consumer. Two-level structures occur in some industries where consumers are able to order products directly from the manufacturer and the manufacturer fulfills those orders through its own physical distribution system.

In a three-level channel structure retailers serve as intermediaries between consumers and manufacturers. Retailers order products directly from the manufacturer, then sell those products directly to the consumer. A fourth level is added when manufacturers sell to wholesalers rather than to retailers. In a four-level structure retailers order goods from wholesalers rather than manufacturers. Finally, a manufacturer's agent can serve as an intermediary between the manufacturer and its wholesalers, making a five-level channel structure consisting of the manufacturer, agent, wholesale, retail, and consumer levels. A five-level channel structure might also consist of the manufacturer, wholesale, jobber, retail, and consumer levels, whereby jobbers service smaller retailers not covered by the large wholesalers in the industry.



Distribution channels strategy is extremely important for the success of business operations in any branch of business. The goal and purpose is to satisfy the consumer and get continued business from him/her. The primary purpose of this qualitative research is to compare the time, cost and physical efficiency of the distribution channel system of a company in home appliance industry.

One of the most popular distribution methods is direct marketing where the companies want the whole process of distribution under their control. Direct marketing is where the goods are sold directly from the product direct to the customer (R.Mullin, 2002). A producer does not have to share its profits with intermediaries in this method. So it can be said that it is a lower cost channel

in many cases. The producer controls the whole marketing process and as a result can protect and

maintain its brand image. Customers are increasingly using direct sales though the internet and can purchase from the comfort of their own home. However, it can be expensive to set up these channels and all the cost of distribution such as storage and damage rest on the producer. In addition, a recent trend is for customers to search online for products and then purchase them physically from outlets after making comparisons on price.

In its broadest sense, when it refers to the whole economic system, distribution is the allocation of income and assets within one society. In business economics, distributions relates to the allocation of goods to the recipients. In general, distribution includes all activities that enable the transfer of material and/or economic power over tangible or intangible goods from one economic subject to another (Wirtschaftsleyikon24.net, 2011).

Distribution encompasses a system of all activities that are related to the transfer of economic goods between manufacturers and consumers. It includes such a coordinated preparation of manufactured goods according to their type and volume, space and time, so that supply deadlines can be met (order fulfilment) or estimated demand can be efficiently satisfied (Domschke & Schield, 1994).

Distribution systems are usually divided into:

- (a) Acquisition distribution system
- (b) Logistic, i.e. physical distribution system.

G. Specht has pointed out that this division is not completely accurate, since both of these subsystems exhibit certain common starting points. According to this author, acquisition distribution system management includes the management of distribution routes, i.e. distribution channels. Logistic distribution system is focused on bridging the space and time

by transportation and storage, as well as order processing and shipment, supply logistics, i.e. the movement of materials (compare Specht, 1988, 34-35).

The term distribution channels can at the moment be replaced by the term marketing channel. Marketing channel as a more complex term has been used in the USA since the 1970s, because the intermediaries include not only those who participate in the physical flow of a product from the manufacturer to the end user, but also those that have a role in the transfer of product ownership, as well as other intermediary institutions that participate in the value distribution from production to consumption (Tipurić, 1993, 15-16).

Therefore, it is assumed that there are three types of marketing channels (Kotler & Keller, 2008, 26): communication channels, distribution channels and service channels.

Channel of distribution is the route along which goods and services travel from producer/manufacturer through marketing intermediaries (such as wholesalers, distributors, and retailers) to the final user. Channels of distribution provide downstream value by bringing finished products to end users. This flow may involve the physical movement of the product or simply the transfer of title to it. Also known as a distribution channel, a distribution chain, a distribution pipeline, a supply chain, a marketing channel, a market channel, and a trade channel. (Ostrow, 2009, 59).

Channel of distribution consist of one or more companies or individuals who participate in the flow of goods, services, information, and finances from the producer to the final user or consumer. (Coyle, Bardi, & Langley, 2003, 106)

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*Chapter - 3*

*Manjilas – A Profile*

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## Chapter III

### MANJILAS- A PROFILE

#### 3.1 Introduction

In today's world the entire dietary paradigm has undergone a startling metamorphosis. Evolving taste and changing life styles have dedicated a radical transformation in the food industry. True to its heritage, Double Horse has lived up this challenge and has introduced a wide range of rice and rice based products, masala spices, instant mixes, pickles and preserve and ready to eat products.

Manjilas making about fourteen varieties of rice and about fifty varieties of food products under the famous brand named Double Horse. Starting from the single retail outlet in Thrissur in 1959, the company now owns a prestigious list of 20 rice varieties and more than hundred food related products in the markets. Each and every product from Manjilas has the identity of own in taste, colour and convenience.

Today Manjilas is the first ISO 9001:2000 certified food industry in Kerala which has nine manufacturing units employing 700 people. These units are the state of arts imported technology. A strong Research and Development department and a specially developed kitchen have helped to launch many innovative products giving novelty to the customer's taste and appetite.

#### 3.2 History of the Company

When Sri. M.O John started Manjilas mill in 1959; he had only the intension of providing the pure rice and other food products to malayalees. Manjilas rice saga began from the humble environs of the rice bazaar, Thrissur which is the cultural capital of Kerala. It was here late Sri. M.O. John started his rice vending outlet in the year 1959. He was a visionary who brought about a great revolution in the rice industry. He was the founder general secretary of Vyapari Vyasai Ekopana Samithi, as association of the business community of Kerala. He was also president of Chamber of Commerce, Thrissur (1993-2000). These units use the state of the art imported technology. A strong Research and Development department and special development kitchen has helped to launch many innovative products giving novelty to the customers taste and appetite. Years ago the ancestors of Sri.M.O John were dedicated to deliver rice for the Royal family. They were doing these processes through buying paddy

from farmers and transform in to rice. They gave importance to quality because they have to deliver the rice to the royal family. Though, there were no royal families Manjilas treats the entire consumers as royal and serves them with high quality products. Sri. M.O. John's father commenced rice trading and started it as a business. By starting his own rice mill M.O. John becomes a pioneer the rice industry in Kerala. By starting a modern rice mill in 1976 he brought up his business to a new turning point. By introducing rice powder in 1994 they started diversifying their products. Based on a consumers' survey, after rice powder, Manjilas introduced idli mix, dosa mix, easy palappam and instant idiyappam. Food processing industry is one of the fast changing industries in the world. To utilize the changing opportunities Manjilas used product innovation through regular research.

### ***3.2.1 Vision of the Company***

To be a leader in the food industry, offering the widest variety of high-quality food products that become a way of life for all those of life for all those who love good food, across the globe.

### ***3.2.2 Mission of the Company***

To come out with a wide variety of innovative food products, that combines health, taste & convenience, so as to make cooking good food fun & easy.

### ***3.2.3 Policy and Objectives***

The intention of the company is to provide a suitable, safe and healthy working environment to each employee of Manjilas group. As the policies are the plan of actions, organization needs to evolve personnel policies as they ensure consistency and uniformity in treating people. They help to motivate and build loyalty. Policies become benchmark to compare and evaluate performance. A policy is more specific and commits the management to definite course of action.

### ***3.2.4 The Concept of Convenience***

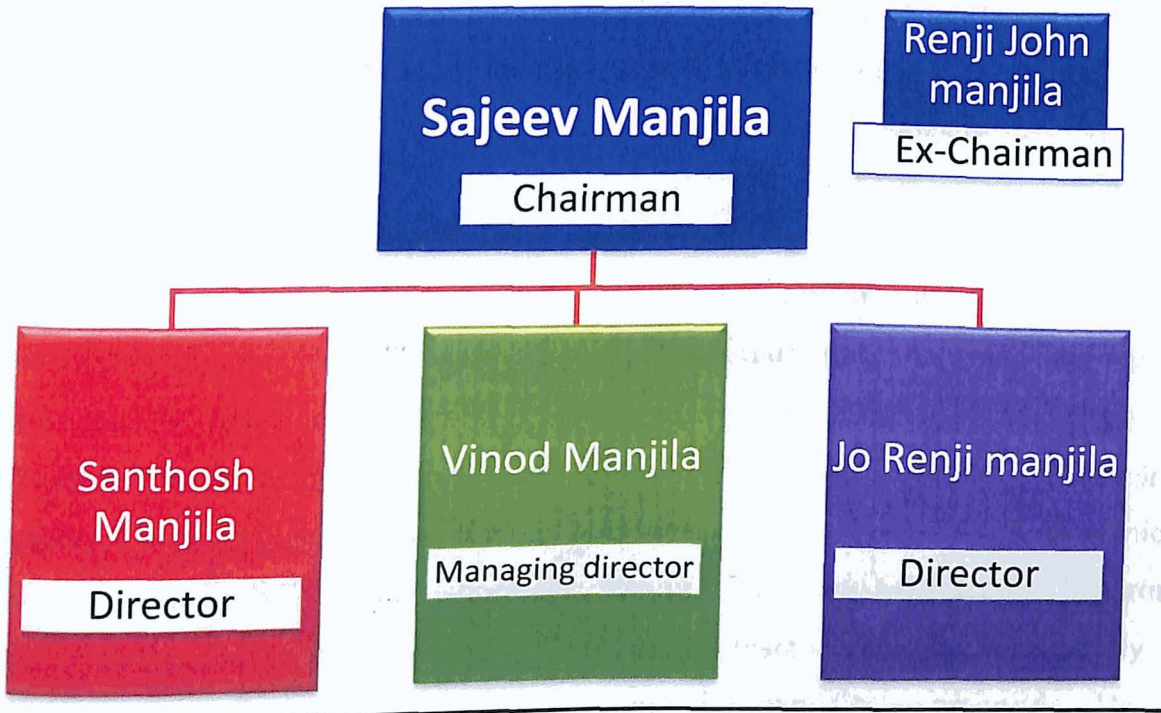
While traditional Kerala cuisine has always been labour intensive and extremely time consuming, Double Horse has created and produced a stunning range of over 50 instant, ready-to cook and ready-to-eat products that replicate authentic Kerala food, effortlessly.

### 3.2.5 Organisation Structure

Manjilas has predominantly remained a family run business for decades. The board of directors consists of the Manjilas family, Sons of founder M O John.

Following are the key people who head the organisation and form board of directors.

Chart 3.1 Board of directors



Mr Renji John Manjila Ex-Chairman still continues to be a member of board of directors. The various departments are divided among the directors for the ease of reporting and managing.

Mr. Vinod Manjila takes care of following departments

- Marketing
- Human Resource
- Finance
- Exports
- Customer Care
- Warehouse and logistics

Mr Santhosh Manjila takes care of the production activities of all plants.

Mr Jo Renji heads IT and Purchase departments.



This kind of hierarchy has helped the organisation in maintaining proper reporting structure and transparency in monitoring the activities and is one of the key strengths of Manjilas.

### ***3.2.6 Marketing Networks***

Double Horse has an excellent marketing network that extends across the length and breadth of the country and has substantial inroads into the Middle East, US and European markets, thereby ensuring a steady supply and regular distribution of Double Horse products.

### ***3.2.7 Commitment to Quality***

'Quality products' at affordable price to every household is the motto of Double Horse. High quality standards are adhered to from the procurement of raw material to the packaging of finished products. The raw materials are procured only from certified farmers of selected farms under strict quality standards. The best quality spices are processed under stringent temperature control with the help of implex pulverizer so that the precious volatile oils that lend flavour to the spices are preserved. High hygienic standards are maintained by regular laboratory testing and stem sterilization. The strong research support extended by its Research and Development team increase the productivity. Traditional methods are tastefully blended to improve upon the sophisticated processes. The packing is vital to ensure that the product reaches the end customer in fresh at minimum cost. The packaging norms implemented by Double Horse are matching with international standards. The company is following mainly two methods of packaging. Manual packing is in masala production division and mechanical packing is in the company itself. Packaging is done in bulk/consumer pack/limited pouches with flavour lock processing.

### ***3.2.8 Double Horse***

The Double Horse rice and rice products is quite familiar to the people of Kerala which shows that this brand is positioned as a sign of quality and perception. The unique selling proposition of the company itself is "the taste of Keralites". In Kerala, the brand was launched in 1954 since then no other company was in the field till 1956. In 1965 they started a mechanized mill to cater the need of Keralites. There are about 350 retail outlets of Manjilas brand. The retailers are paid a commission of 2.5 per cent on the sales. The marketing network of the company is also elaborated. The retailers can order the commodity through telephone or any other way and the order will be processed and delivered to the retailers as early as possible.

Thus we can see that the company has got strong supply chain management backed by all modern infrastructure facilities.

### **3.3 Certifications**

Manjilas is the first ISO 9001:2000 certified rice mill in Kerala. The company has also been certified with ISO 9002.

### **3.4 Departments and Functions**

#### ***3.4.1 Human Resources Department***

Management is one of the most complex and challenging field of Endeavour. The scope of HR department is very vast. It includes all the major activity in the working life of a worker from the time of his or her entry to an organization until he or she leaves. Personnel management is planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of personnel to the extent the individual, organizational and social objectives are accomplished. This department treats people as an important asset to be used for the benefit of the organization, employees and society. It is emerging now as a distinct philosophy of management aiming at policies that promote mutual goals, mutual respects, mutual rewards and mutual responsibilities.

The role of the HR department is to manage and motivate employees in the workplace. The specific roles of this department include: selection, recruitment, induction and training of employees, organising appraisals, managing payment systems and organising termination of employees. The department is also responsible overall for implementing government policies regarding the workforce according to labour laws.

Manjilas group of companies has a common HR department for all the mills and units. This department is located in the head office. All the units will have an HR executive who will report to HR department at the head office. Total Human resource in the group is 1101 including staffs and trainees. The HR department has to look after the ESI, PF and salary of all these staffs every month. The HR manager will go to each unit every month personally to sort out the problems in the mills. There are all together 4 executives at the head office working under this department. The main functions of Human resource department are:

- Formulation of Human Resource policies
- Establishment matters like recruitment, promotion, wage revision etc

- Selection
- Placement and orientation
- Training and development
- Performance appraisal
- Compensation
- Legal issues on administrative matter
- Trade union issues
- Law and order issues
- Enforcement of work culture
- Health and safety at work

### **3.4.2 Purchase Department**

Purchase department is a department which deals or performs the functions which are related to purchase. Maintains minimum stock company has many permanent suppliers inside and outside the state. Raw materials were purchase from different places according to the price and quality. They give purchase order to the suppliers according to the purchase request. The suppliers bring materials directly to the factory. After the delivery of goods the quality of the material will be checked, if there is any damage it will be returned back to the suppliers' payments should be done after the delivery and quality was checked. Payment should be in the form of either cash payment or demand draft. The purchase procedure is as follows:

- Checking purchase requisition from units
- Checking the stock position of respective units
- Discussion with sales coordinator and marketing manager
- Taking the product rate from the vendors.
- Giving orders to the vender who is ready to supply product as per the criteria fixed by the company i.e., least rate, specified quality, required quantity and at required delivery time to required unit.
- Checking at the factory the goods received at the factory is as per the specification and as per the ordered quantity.
- If there is any difference in quantity inform purchase manager immediately and as per the direction purchase manager, reject the product or accept it at the reduced rate.
- Bill to be checked and marked quality checked and quantities verified and send to head office to the respective accountants.

- After receiving bill from the units the respective accountants to be given bill to the purchase manager.
- Purchase manager has to check the details noted on the back side of the bill with quantity checked and quality verified and also compare with the rate of purchase orders.
- On the backside of the bill the rate to be given, the party to be noted and after putting signature and credit period, the bill to be handed over to the respective accountants.
- At the specified date of payment the accountant has to make payment to the vendor.

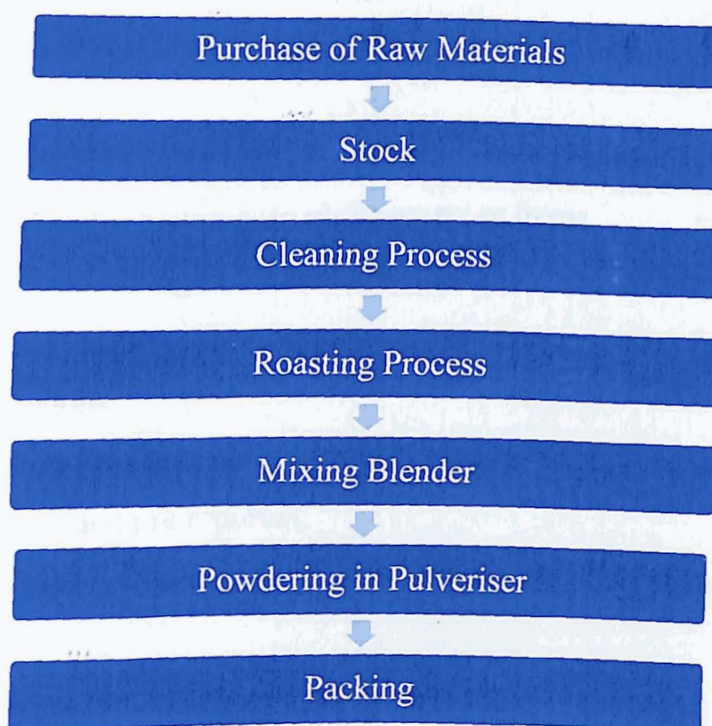
### ***3.4.3 Production Department***

The production department is crucial in an industrial organization like Manjilas Double Horse. Production is the process by which raw materials and other inputs are converted into finished products. Organizational wealth is determined by production. In a specified period of time, the aggregate amount of goods and services produced in an organization is known as wealth. The time frame may be short, medium or long depending on the type of product or services produced. Production of goods as the fabrication of the physical object is of the resources available to the manager. These resources include men, material, money, methods and machines. Production of services is nothing but the discharge of function which has some utility to somebody. The interpretation of the production of goods and services is a broader one. In general, the production is equated with manufacturing which is myopic interpretation. Fundamentally, they may look alike the position being maintained in that there is no difference between tangible and something which provides advice, assistance, helper information. In both cases, outputs are not similar.

#### ***3.4.3.1 Production Process***

The entire production process is mechanised and is operated by skilled people. The production department will set the standards and targets for each section of production process. The quality and quantity of the products coming off a production line will be closely monitored. Quality will be monitored by skilled employees at every stage of production and once the production process is over, the final quality of the product will be checked by the production quality control department. Quality is the speciality of the DOUBLE HORSE products. The Company take care to create better working conditions for the employees and there are around 700 employees working under the guidance of 10 supervisors.

**Fig 3.1 Production process**



The complete production process is done by machines and operated by skilled people. The company will check the quality of the machinery at regular intervals for the smooth running of the production.

#### **3.4.4 Marketing and Sales Department**

Marketing department is the department which deals those activities which are related with sales and distribution. Marketing is the process of finding out customer needs and servicing those needs profitably. The essence of marketing is providing desired value to customers. Marketing management is a process of planning and executing the consumption, pricing, promotion and distribution of goods and services and ideas to create exchange with target groups that satisfy customer and organizational activities.

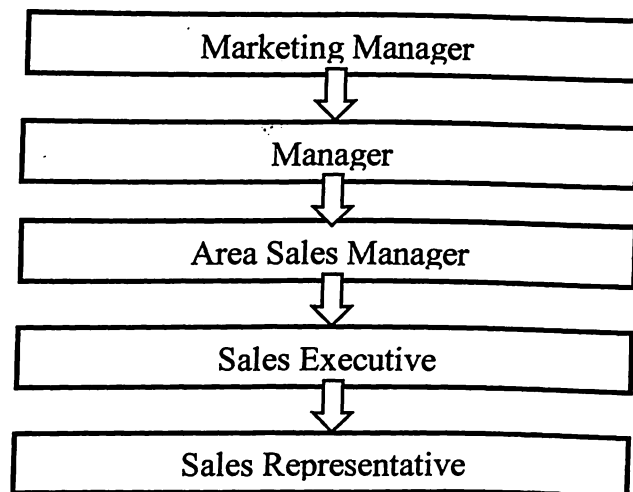
DOUBLE HORSE has created and produced a stunning range of over 100 instant, ready to cook and ready to eat products that replicate authentic Kerala food, with excellent marketing. Manjilas introduced branded rice in the market, because rice is the staple food item in Kerala. They introduced rice powder, idli mix, dosa mix, easy palappam, and instant idiyappam, into the market according to the needs of themaket. They are keen in introducing the right products, at the right price, at the right place with a suitable brand name DOUBLE HORSE.

The main activities of this department are:

- The department aims to sell all products of the company through all shops.
- Sales personnel should be able to plan the sales promotional activities Suitable for their area.
- Increasing the number of dealers and ensuring full coverage of the area
- Convince the existing customer to purchase more items.
- Recognise the fast moving items and slow moving items with each customer.
- Feedback from the market and market information are vital for the management in taking timely actions.
- Competitors' activity and new entries / new products in the market are to be closely monitored and pre reported.
- Sales promotional activities of the competitors and their results are to be closely watched.
- Priority is to be given to doing sales on a cash basis.
- Credit period over 25 days is not to be given at all under any circumstances.
- No cash discount is to be given if the cash is not received within the prescribed time allowed.
- Dispatch should be based on the orders received from respective authority.
- Details of dispatch should be communicated prior to or at the time of dispatch to the company accountant in Head Office. Details should contain document number deliver note or bill, date quality destination and purpose of dispatch for stock at go-down or onward billing to buyers.
- Company accountant shall enter the details of the bills received to the parties based on thus dispatched load.
- Company accountant shall follow up and shall ensure that the materials reached its planned destination and amount collected, after entering these details; the entries regarding the particular dispatch are closed in the register.
- To detect the complaints of products from the mill itself before dispatching the foods to the market.
- To give a support to the sales team for experimenting in launching new products in the market

***Organisational Hierarchy of Marketing and Sales Department***

**Fig 3.2 Organisational chart of marketing department**



The above figure shows the vertical flow of authority. This structure consists of various positions or job arranged in a hierarchy. The term hierarchy implies a definite ranking order in terms of authority. It means that ranking of managerial position is done by gradually different degrees of authority to different positions. In other words different managerial job are grouped into different level of authority. The marketing manager of a company delegates authority to lower levels as on this chart. And the marketing manager receives his authority from the Managing Director and Executive Director.

#### **3.4.4.1 Sales Co-ordination**

The works of this department is done by sales co-ordinators. The work of this department is controlled by senior sales co-ordinator. The main duties of this department are:

- Order receiving through phone, fax, e-mail and by post. On receiving the order, enter it into the Order Register and put Order Number.
- Before processing the order, verify the outstanding bills receivables statement of the party and confirm with the accountant if any points are to be clarified and confirm with the manager regarding the dispatch.
- Order processing is done through the computer and enters the details like the ordered items with quantity, order number, order date and dispatch date (usually 7 days later).
- Order Dispatching - As per rule, the company have to receive e advance DD or cash before sending the order. After receiving the processing the order and enter it into the optional vouchers. On 5th day, optional voucher should be changed

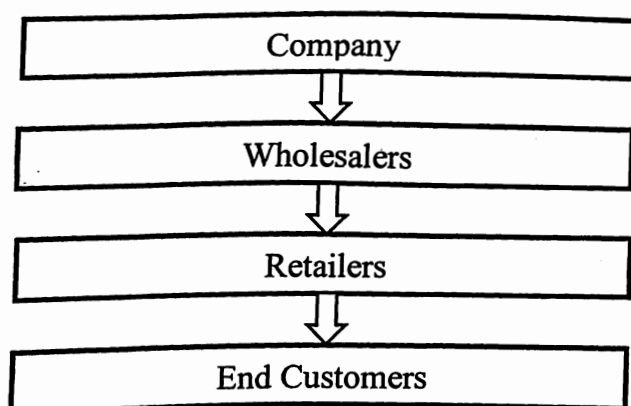
into original voucher and take a printout and attach bill and lorry declaration with the voucher.

#### 3.4.4.2 Promotional Activities

Manjilas Group of Companies is promoting its brand through advertisements and other sales promotional techniques. The Double Horse brand is not only advertised through the TV media but also it is advertised through newspapers, magazines etc... throughout the Kerala state we can see many posters and banners of the Double Horse products. As now in the present scenario the company is mainly targeting the Keralites in India as well as Gulf countries. And the company is providing advertisement through Malayalam channels, stickers, banners, brochures etc...

#### Distribution Channel of Manjilas Products

Fig 3.3 Distribution channel



#### 3.4.5 Research & Development

Double Horse food products has a well-established Research and Development Department involved in the development of traditional as well as innovative products, giving novelty to the customer's taste and preference. As a part of the product development, the company aims at launching 50 new products with prime importance for Ready to eat food products and masala mixes. DOUBLE HORSE emphasis on maintaining strict quality parameters that involves the following criteria: total bacterial count, total fungal count, Coli forms and detection of pathogens like *E.coli*, *Staphylococcus*, *Salmonella*, *Bacillus*, *Listeria*, *Clostridium* etc.



### **3.4.5.1 Future Prospects and Growth Plans**

Future prospects of the company are to increase the export quality and to reduce the cost of production. The company aims to sell products with minimum cost and also tries to reduce the cost of promotional activities. One of the other plans is to make more products at high quality. At present, company exports many of their products to foreign countries. But they aim to spread their more products around the world. For this purpose they try to use advanced technology. So they use more funds to import machineries. These are the future oriented action of Manjilas Group of Companies.

### **3.4.6 Quality Control Department**

Quality control department refers to the ways and means where quality standards are maintained. The aim of quality control is not only to improve quality of products, but also to eliminate bad quality goods. Once the quality standard is set, then it should be achieved and maintained in future and efforts should be made to improve it further. Manjilas group of companies have set up a quality control department for the purpose of determining the quality of the product. Different types of tools are used for the purpose of checking control. Their department consists of 7 people headed by the quality control manager. Double horse emphasis on maintaining strict quality parameters that involves the detection of

- Total bacterial count
- Total fungal count
- Collide forms
- Detection of pathogens like e.coli, Staphylococcus, salmonella, bacillus, listeria,

## **3.5 Competitors of Manjilas**

The major competitors of Manjilas Group of companies are the following:

- Nirapara
- Eastern
- Melam
- Saras
- Ruchi
- Brahmins

From these, Eastern is the main competitor of the company. Manjilas is facing tight competition with them and it gives more focus on promotional activities. Technological improvement is also a result of this competition.

### **3.6 Product Profile**

#### **3.6.1 Rice**

Double Horse is available in wide range of varieties. Rice the staple food from breakfast to dinner, Double Horse's range of rice caters to every application of rice in the lives of people especially at South India.

Verities of Double Horse Rice:-

- Rose Matta: - Par boiled and double boiled red round rice.
- Jyothi Matta: - Par boiled and double boiled red rice.
- Matta Broken: - Single boiled broken race for making rice gruel.
- Red Raw Rice: -used for meals.
- Idly Rice: -Single boiled round white rice.
- Raw Rice for meals: -used for meals.
- B.T.Meals: -White raw rice for making friend rice.
- Ponni Rice: -Single boiled white rice for meals.
- Single Matta: -Single boiled red round rice.
- Cherumani: -Par boiled and double boiled white round rice.
- Jaya Rice: -Par boiled or double boiled long and bold white rice.
- Ghee Rice: -White small rice suitable for making fried rice.
- Payasam Rice

#### **3.6.2 Rice Powders**

- White puttu podi
- Chemba puttupodi
- Rosted pathri powder
- Dosa mix
- Idli mix
- Roasted white rice powder
- Uppuma Mix

- Vattayappam Podi
- Idiappam

### **3.6.3 Health Products**

Double horse health mix is a highly "Nutritious Porridge". Also easy to cook, very healthy as it is enriched of various macro and micro nutrients, it will be a complete breakfast and a balanced diet for all age groups. Herbal products of Manjilas are another important and very attractive food product series.

This series include the traditional herbal products of Kerala.

- Samba puttu podi
- Ragivita
- Instant ginger coffee
- Banana powder
- Samba broken wheat
- Corn puttu podi
- Health Puttu Podi
- Arrowroot Powder
- Herbal Tea
- Banana Powder
- Wheat Puttu etc.

### **3.6.4 Spices and Ready to Mix Product**

The spices are available as both pure spices and ready mixes, which are used to make the popular South Indian curries.

- Sambar Powder
- Chicken Masala
- Meat Masala
- Pickle Powder
- Fish Masala
- Rasam Powder
- Vegetable Masala

- Egg Roast Masala
- Biryani Masala
- Garam Masala
- Ginger Paste
- Garlic Paste
- Ginger Garlic Paste
- Tamarind Paste
- Dry Chilly
- Crushed Chilly etc.

### ***3.6.5 Instant Sweet Dishes***

Double Horse has wide range of delicious sweet based dishes. It has got a major role in Kerala festival. Following are the sweet dishes of Double Horse:

- Roasted vermicelli
- Semiya payasam mix
- Palada payasam mix
- Rice Palada
- Payasam Mix
- Pineapple Candy
- Papaya Candy
- Maida Ada
- Ginger Candy

### ***3.6.6 Coconut Product/Pickle***

Manjilas Food Tech Private Ltd introduced varieties of coconut products to the whole world. It has wide varieties of pickles available in Indian markets and abroad.

- Coconut chammanthy powder
- Bitter gourd pickle
- Mango pickle
- Hot and sweet lime date pickle
- Dates pickle
- Gooseberry pickle

- Ginger pickle
- Lime pickle
- Garlic pickle
- Mixed vegetable pickle
- Tender mango pickle
- White lime pickle
- Chicken pickle
- Meat pickle
- Prawn pickle
- Squid cutlet fish pickle
- Fish pickle

### ***3.6.7 Ready to Cook***

Traditional Kerala foods are the weakness of every Keralites. Manjilas Food Tech Pvt. Ltd understood its importance in this busy era and introduced delicious and tasty products.

- Chicken Biryani Mix
- Sambar Mix
- Chicken Gravy Mix
- Kerala Chicken Curry Mix
- Kerala Fish Curry Mix
- Kerala Meat Mix
- Rosted Coconut paste

### ***3.6.8 Ready to Eat***

Aval and Avalos podi is one of the fast moving products of Double Horse rice and rice products. It has got a great demand in the markets especially in gulf countries.

### ***3.6.10 Double Horse-Chakkavaratty***

Double Horse RTE is 100% Natural & Sterilized. Since RTE are free from bacteria will have a lasting shelf life. No artificial preservatives and chemicals are added. It is completely safe & delicious to consume. Because of the wide varieties of products available under the brand 'Double Horse', consumers as well as the Manjilas Food Tech Pvt. Ltd is getting maximum advantage. The company produces products according to consumer

preferences which will satisfy their needs. Thus the brand has a high demand among consumers.

### **3.7 Conclusion**

Manjilas, the mother brand of Double Horse, was founded in the year 1959, as rice milling company selling high-quality rice grains. The brands, on the strength of its commitment to deliver only the best to its customers have witnessed a phenomenal growth over the years. It revolutionized the food sector in Kerala becoming the first ISO 9001:2000 certified Rice Mill in the state and the first food brand to introduce sortex rice, stoneless rice and colour grading.

Inspired by the support of its customers and foreseeing the potential for traditional food that's made easy to suit today's busy, modern lifestyle, Manjilas Double Horse started introducing products- from rice powders- breakfast mixes to instant mixes, wheat products, curry powders and condiments made using 'Perfect Blend technology', naturally preserved pickles, health foods, ready-to-cook & ready-to-eat products, traditional preserves, coconut products and more; and is dedicatedly developing new and innovative product ranges, to keep up with its promise to deliver good food and in turn, inculcate a healthy eating habit.

*Chapter - 4*  
*Industry Profile*

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## Chapter IV

### INDUSTRY PROFILE

#### 4.1 Introduction

Fast Moving Consumer Goods popularly known FMCG is as the name suggests is the most demanded products in the market. There are so many companies which are dealing in FMCG products like HUL, Dabur, Cavin Care, AMUL dealing in dairy products, etc. By the varying nature of the product the companies are seeing this as a great source of income. As large number of companies are looking this sector as a profitable venture, so for sustaining there position and gain new market they have to bring something unique in their products or services to gain position in the market or to sustain there.

Fast Moving Consumer Goods (FMCG) goods are popularly named as consumer packaged goods. Items in this category include all consumables (other than groceries/pulses) people buy at regular intervals. The most common in the list are toilet soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packaged foods tuff, and household accessories and extends to certain electronic goods. These items are meant for daily of frequent consumption and have a high return. The Fast Moving Consumer Goods Industry includes food and non - food everyday consumer products. They are usually purchased as an outcome of small- scale consumer decision so they are heavily supported (advertising, promotion) by the manufacturers. Typical purchasing of these goods occurs at grocery stores, supermarkets, hypermarkets etc. The manufacturers are always exploring new outlets and sales locations while the traditional retailers have introduced private label brands to capture additional profit. Every one of us uses fast moving consumer products every day. This business is based on building powerful brands and achieving a high level of distribution. Global power brands are the choice of multinational companies. Local brands can complement these. Achieving superior distribution thorough a powerful supply chain and making sure the products are available wherever someone might want or need it. The FMCG Supply Chain is the interrelated collection of processes and associated resources It includes suppliers, manufacturers, logistics service providers, warehouses, distributors, wholesalers and all other entities that lead up to delivery to the final customer. Followed in the market through sales force activity it can help gain a high level of distribution. Market Research, consumer research, segmentation and product positioning is the compulsory homework of any company in this industry.



India is the country with second largest population in the world. India got a different variety of cultures, religions, castes, creed and regions with different languages spoken. Considering to the olden days now a days the Indian economy is fast moving and considers as the third most attractive economy for investments. Due to liberalization, many MNCs have entered in India for business. Now, business in agriculture and allied activities, manufacturing and service sector is growing fast. FMCG sector is one of the most important sectors in India. Due to the larger population, there is a great potential for FMCG in Indian market. The demand for the FMCG products are increasing day by day and the sector is growing rapidly.

#### **4.2 Fast Moving Consumer Goods (FMCG)**

Fast Moving consumer goods are those goods that are consumed every day by the average consumer and are replaced or fully used up over a short period of days, weeks, or months, and within one year. The Fast Moving Consumer Goods (FMCG), also known as Consumer Packaged Goods (CPG), is products that have a quick turnover and relatively low cost. Though the absolute profit made on FMCG products is relatively small, they generally sell in large numbers and so the cumulative profit on such products can be large. Fast moving consumer goods have a short shelf life, either as a result of high consumer demand or because the product deteriorates rapidly. Some Fast moving consumer goods such as meat, fruits and vegetables, dairy products and baked goods are highly perishable. Other goods such as alcohol, toiletries, pre-packaged foods, soft drinks and cleaning products have high turnover rates. Fast moving consumer goods are products that have a quick shelf turnover, at relatively low cost and don't require a lot of thought, time and financial investment to purchase. The margin of profit on every individual Fast moving consumer goods product is less. However the huge number of goods sold is what makes the difference. Hence profit in Fast moving consumer goods always translates to number of goods sold. Fast Moving Consumer Goods is a classification that refers to a wide range of frequently purchased consumer products. Examples of FMCG generally include a wide range of frequently purchased consumer products such as toiletries, soap, cosmetics, teeth cleaning products, shaving products and detergents, as well as other nondurables such as glassware, bulbs, batteries, paper products and plastic goods. FMCG may also include pharmaceuticals, consumer electronics, packaged food products and drinks, although these are often categorized separately. Three of the largest and best known examples of Fast Moving Consumer Goods companies are Nestlé, Unilever and Procter & Gamble. Examples of FMCGs are soft drinks, tissue paper, and chocolate bars. Examples of FMCG brands are Coca-Cola, Kleenex, Pepsi and Believe Toiletries, Beauty Products, Home

Cosmetics, Packaged Food, Soft Drinks Household accessories are some of the best known examples of Fast Moving Consumer Goods A subset of FMCGs are Fast Moving Consumer Electronics which contain innovative electronic products such as mobile phones, MP3 players, digital cameras, GPS Systems, cell phones and Laptops which are replaced more frequently than other electronic products mainly due to technology changes. White goods in FMCG refer to large household electronic items such as refrigerators. Smaller items, TV sets, stereo systems etc. are sometimes termed Brown goods. Unlike other economy sectors, FMCG share float in a steady manner irrespective of global market dip, because they generally satisfy rather fundamental as opposed to luxurious needs.

#### **4.2.1 Growth of FMCG in India**

The Indian FMCG sector with a market size of Rs.9000 crore is the fourth largest sector in the economy. The FMCG market is set to double from Rs.10000 crore in 2014-15 to RS.30000 in 2016. FMCG sector will witness more than 60 per cent growth in rural and semi-urban India by 2016 (<http://www.ibef.org>). Indian consumer goods market is expected to reach Rs.3500 crore by 2014. Hair care, household care, male grooming, female hygiene, and the chocolates and confectionery categories are estimated to be the fastest growing segments. At present, urban India accounts for 66% of total FMCG consumption, with rural India accounting for the remaining 34%. However, rural India accounts for more than 40% consumption in major FMCG categories such as personal care, fabric care, and hot beverages. In urban areas, home and personal care category, including skin care, household care and feminine hygiene, will keep growing at relatively attractive rates. Within the foods segment, it is estimated that processed foods, bakery, and dairy are long term growth categories in both rural and urban areas. The growing incline of rural and semi-urban folks for FMCG products will be mainly responsible for the growth in this sector, as manufacturers will have to deepen their concentration for higher sales volumes. Major Players in this sector include Hindustan Unilever Ltd., ITC (Indian Tobacco Company), and Nestlé India, GCMF (AMUL), Dabur India, Asian Paints (India), Cadbury India, Britannia Industries, Procter & Gamble Hygiene and Health Care, Marico Industries, Nirma, Coca- Cola, Pepsi and others. As per the analysis by ASSOCHAM, Companies Hindustan Unilever Ltd, Dabur India originates half of their sales from rural India. While Colgate Palmolive India and Marico constitutes nearly 37% respectively, however Nestle India Ltd and GSK Consumer drive 25 per cent of sales from rural India. A rapid urbanization, increase in demands, presence of large number of young population, a large number of opportunities is available in the FMCG sector. The Finance

Minister has proposed to introduce an integrated Goods and Service Tax by April 2014. This is an exceptionally good move because the growth of consumption, production, and employment is directly proportionate to reduction in indirect taxes which constitute no less than 35% of the total cost of consumer products the highest in Asia. The bottom line is that Indian market is changing rapidly and is showing unprecedented consumer business opportunity.

#### **4.2.2 Characteristics of FMCG in India**

- **Branding:** Creating strong brands is important for FMCG companies and they devote considerable money and effort in developing brands. With differentiation on functional attributes being difficult to achieve in this competitive market, branding results in consumer loyalty and sales growth.
- **Distribution Network:** Given the fragmented nature of the Indian retailing industry and the problems of infrastructure, FMCG companies need to develop extensive distribution networks to achieve a high level of penetration in both the urban and rural markets. Once they are able to create a strong distribution network, it gives them significant advantages over their competitors.
- **Large Unorganized Sector:** The unorganised sector has a presence in most product categories of the FMCG sector. Small companies from this sector have used their location advantages and regional presence to reach out to remote areas where large consumer products have only limited presence. Their low cost structure also gives them an advantage.

#### **4.2.3 Scope of the sector**

The Indian FMCG sector with a market size of Rs.800 billion is the fourth largest sector in the economy. A well-established distribution network, intense competition between the organized and unorganized segments characterizes the sector. FMCG Sector is expected to grow by over 60% by 2016. That will translate into an annual growth of 10% over a 5-year period. It has been estimated that FMCG sector will rise from around Rs10000 crores in 2015 to Rs30000 crores in 2016. Hair care, household care, male grooming, female hygiene, and the chocolates and confectionery categories are estimated to be the fastest growing segments. Though the sector witnessed a slower growth in 2012-2014, it has been able to make a fine

recovery since then. For example, Hindustan Levers Limited (HLL) has shown a healthy growth in the last quarter. An estimated double digit growth over the next few years shows that the good times are likely to continue.

#### **4.2.4 Indian food industry**

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year. In India, the food sector has emerged as a high-growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry. The food industry, which is currently valued at Rs.2500 billion, is expected to grow at a Compounded Annual Growth Rate (CAGR) of 11 per cent to Rs.4300 billion by 2018. Food and grocery account for around 31 per cent of India's consumption basket. Accounting for about 32 per cent of the country's total food market, The Government of India has been instrumental in the growth and development of the food processing industry. The government through the Ministry of Food Processing Industries (MoFPI) is making all efforts to encourage investments in the business. It has approved proposals for joint ventures (JV), foreign collaborations; industrial licenses and 100 per cent export oriented units. (<http://www.ibef.org/>)

The Indian food and grocery market is the world's sixth largest, with retail contributing 70 per cent of the sales. Food has also been one of the largest segments in India's retail sector, which was valued at Rs.32500 billion in 2013. The Indian food retail market is expected to reach Rs.61 lakh crore by 2020. The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. It contributes around 14 per cent of manufacturing Gross Domestic Product (GDP), 13 per cent of India's exports and six per cent of total industrial investment. Indian food service industry is expected to reach Rs. 5200 billion by 2018. The Indian gourmet food market is currently valued at US\$ 1.3 billion and is growing at a Compound Annual Growth Rate (CAGR) of 20 per cent.

The online food ordering business in India is in its nascent stage, but witnessing exponential growth. The organised food business in India is worth US\$ 48 billion, of which food delivery is valued at Rs.1000 billion. With online food delivery players like FoodPanda, Zomato, TinyOwl and Swiggy building scale through partnerships, the organised food business has a huge potential and a promising future.

The Indian Agricultural and Food industry is on the brink of a revolution that will modernize the entire food chain as the total food production in India is likely to double in the next 10 years. Food processing is a large sector that covers activities such as agriculture,

horticulture, plantation, animal husbandry and fisheries. The food processing sector is critical to India's development, for it establishes a linkage between Industry and Agriculture. It has also emerged as one of the major drivers of economic growth.

Presently, most of the people would like to consume healthier and tasty food in 'ready to eat' form, in order to reduce the cost of time and work. Increased urbanization, improved standard of living and the convenience needs of dual income families spot to major market potentialities in the food processing sector. This is also evident from the presence of several global food giants and leading Indian industrial enterprises in the countries food processing sector such as: Nestle India Ltd, Cadbury's India Ltd, Kellogg India, Hindustan Lever Ltd, ITC-Agro, Godrej foods and MTR foods Ltd.

Besides in the current globalized era, our surplus food production as well as increasing preference for Indian food in several regions of the world needs to be leveraged to achieve economic and strategic objectives through exports.

#### ***4.2.5 Kerala food industry***

Kerala is bestowed with the best of what nature has to offer. The state of Kerala in the Indian union is characterized by number of significant socio economic, industrial and political peculiarities. In spite of these favourable features, there exists high scope for further advancement in respect of industrial development in general and rural development in particular, given the current economic problems viz, high incidence of poverty, high rate of unemployment, fiscal crisis of the state government, informal nature of agriculture and industrial operations and acute infrastructural shortages.

Among the leading commercial and industrial centres of India Kerala offers conducive environment for setting up any industry. Prominent sectors in Kerala are information technology, tourism, agro based business including food processing, readymade garments, ayurvedic medicines, mining, marine products, light engineering etc. The key sectors in Kerala according to their contribution to the state GDP are – rubber, coir, tourism, food processing and chemicals and fertilisers.

There are around 1560 food processing units in Kerala alone. These processed units operate mainly in the small scale sector. Kerala is rich in coconut, spices, fruits, vegetables, sea food and processed foods. The spices, pickles and the marine products are the major food product export from Kerala. The state could emerge as plantation based food products exporter

through value addition. Its share in the country's total food products export is almost 20 per cent despite the limited size of landmass. Two thirds of Kerala's export income comes from processed food. The food processing sector in the state commands nearly Rs.8500 crores in exports and has a potential to become Rs.30, 000 crore worth industry.

Food processing industry (FPI) is significant to the Kerala economy on account of its contribution to the food requirements. Assessment of the FPI in the perspective of Kerala economy has employment orientation too. Kerala with its industrial paucity offers very little for huge industrial establishments. FPI which is highly labour intensive is suitable to be organised in the small-scale sector. FPI which is termed as the sunrise sector is expected to attract phenomenal investment-capital, human, technological and financial. For a successful food processing sector various aspects such as quality control, quality systems and quality assurance, the constituents of total quality management should function in a horizontal fashion. On the basis of the above mentioned facts we can summaries that, food processing sector has the potential to make the growth sustainable and more inclusive. The importance of the sector is further enhanced by the fact that over 70 per cent of the population depends on agricultural activities for livelihood.

The government has, therefore, been focusing on commercialisation and value addition to agricultural produce; minimise pre/post-harvest wastage, generating employment export growth in this sector through a number of regulatory and fiscal incentives. With changing foods consumption pattern, processed food which are convenient, hygienic and of consistent quality are set to grow in value.

### **4.3 Distribution Channel**

In modern business distribution network has a great impact on the success of any business. In the FMCG segment the role of an excellent distribution channel becomes even more crucial because the delivery of FMCG Product is confined to day to day basic. Hence in order to survive and thrive in a highly competitive market you have to have a distribution channel which has no problem at any point of the distribution channel.

The factor which is of crucial importance to survive in any business is the understanding of the mind of the individual consumers. What are main characteristics which consumer consider while making a purchasing decision regarding FMCG Product. In order to make right decision regarding all these aspects the company requires a complete knowledge of the

problems faced in distribution channel and what should be done in order to overcome all these problems.

Better infrastructure facilities will improve their supply chain. FMCG sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, FMCG companies have immense possibilities for growth. And if the companies are able to change the mind set of the consumers, i.e. if they are able to take the consumers to branded products and offer new generation products, they would be able to generate higher growth in the near future.

A channel of distribution or trade channel is the path or route along which goods move from producers to ultimate consumers or industrial users. In other words, it is the distribution network through which a producer puts his product in the hands of actual users. The channel of distribution includes the original producer, the final buyer and any middlemen-either wholesaler or retailer. The term middleman refers to any institution or individual in the channel which either acquires title to the goods or negotiates or sells in the capacity of an agent or broker. But facilitating agencies that perform or assist in marketing function are not included as middlemen in the channel of distribution.

This is because they neither acquire title to the goods nor negotiate purchase or sale. Such facilitating agencies include banks, railways, roadways, warehouses, insurance companies, advertising agencies, etc.

A brief explanation of different channels of distribution is given below:

Manufacturer → Customer: This is also known as direct selling because no middlemen are involved. A producer may sell directly through his own retail stores, for example, Bata. This is the simplest and the shortest channel. It is fast and economical. Small producers and producers of perishable commodities also sell directly to the local consumers. Big firms adopt direct selling in order to cut distribution cost and because they have sufficient facilities to sell directly to the consumers. The producer or the entrepreneur himself performs all the marketing activities.

Manufacturer → Retailer → Customer: This is one stage distribution channel having one middleman, i.e., retailer. In this channel, the producer sells to big retailers like departmental stores and chain stores who in turn sell to customer. This channel is very popular in the distribution of consumer durables such as refrigerators, T V sets, washing machines,

typewriters, etc. This channel of distribution is very popular these days because of emergence of departmental stores, super markets and other big retail stores. The retailers purchase in large quantities from the producer and perform certain marketing activities in order to sell the product to the ultimate consumers.

Manufacturer → Wholesaler → Retailer → Customer: This is the traditional channel of distribution. There are two middlemen in this channel of distribution, namely, wholesaler and retailer. This channel is most suitable for the products with widely scattered market. It is used in the distribution of consumer products like groceries, drugs, cosmetics, etc. It is quite suitable for small scale producers whose product line is narrow and who require the expert services and promotional support of wholesalers.

#### ***4.3.1 Need for Distribution Channel***

Many producers are either too small or too large to handle all the necessary functions themselves to get their products to market. Consider the small, specialty manufacturer who is terrific at making fine leather handbags but may not have the expertise to market its products as well as it makes them, or they may not have the money to hire a team of full-time sales people to court the customers and secure the orders. An intermediary who works for several small, noncompeting firms can easily handle those functions cost-effectively. An intermediary who specializes in importing and exporting can handle the intricacies of customs paperwork, overseas shipping, and foreign markets, too.

Conversely, large companies need intermediaries because they are also in the business of manufacturing, not marketing. Channel members like wholesalers and retailers are useful because they are best at specific aspects of sales in their markets, leaving the manufacturers to do what they do best-which is turn out the best possible product. Having a distribution channel breaks the whole buying and selling process and all its related negotiations into manageable tasks, each performed by companies that specialize in certain skills.

Another advantage of the distribution channel is its ability to even out the natural ebbs and flows of a supply chain. This comes from the ability of some channel members to store excess goods until they are needed, and to stockpile goods in anticipation of seasonal sales peaks. Depending on how close their relationships, channel members may also work together to purchase goods or services in greater quantity at discounts, passing the savings on to customers.



### **4.3.1 Selection criteria of a distribution channel**

While selecting a distribution channel, the entrepreneur should compare the costs, sales volume and profits expected from alternative channels of distribution. In order to select the right channel for distributing his product, a small-scale manufacturer should keep in mind the following considerations.

1. Market Considerations: The nature of the market is a key factor influencing the choice of channels of distribution.

a) Consumer or Industrial Market: If the product is meant for industrial users, the channel of distribution will be a short one. This is because industrial users buy in a large quantity and the producer can easily establish a direct contact with them. But in case for goods meant for consumers, retailers may have to be included in the channels of distribution.

b) Number and location of buyers: When the number of potential customers is small or the market is geographically located in a limited area, direct selling is easy and economical. In case of large number of customers, use of wholesalers and retailers becomes necessary.

c) Size of order: Direct selling is convenient and economical where customers place order in big lots as in case of industrial goods. But where the product is sold in small quantities, middlemen are used to distribute such products. A manufacturer may use different channels for different types of buyers. He may sell directly to big retail stores and may use wholesalers to sell to small retailers.

d) Customers buying habits: The customer buying habits like the time he is willing to spend, the desire for credit, the preference of personal attention and one stop shopping significantly affect the choice of distribution channels.

2. Product Considerations: The type and nature of the product influence the number and type of middlemen to be chosen for distributing the product. The important factors with respect to the product are as follows:

a) Unit value: Products of low unit value and common use are generally sold through middlemen, as they cannot bear the cost of direct selling. On the other hand,

expensive consumer goods and industrial products are sold directly by the producers.

- b) **Perishability:** Perishable products like vegetables, fruits and bakery items have relatively short channels, as they cannot withstand repeated handling. Goods, which are subject to frequent changes in fashion and style, are generally distributed through short channels, as the producer has to maintain close and continuous touch with the market.
- c) **Bulk and weight:** Heavy and bulky products are distributed directly to minimize handling costs. Coal, bricks, stones, etc., are some examples.
- d) **Standardisation:** Custom-made and non-standardised products usually pass through short channels due to the need for direct contact between the producer and the consumers. Standardized and mass-made goods can be distributed through middlemen.
- e) **Technical nature:** Industrial products requiring demonstration, installation and aftersale service are often sold directly. The consumer products of technical nature are generally sold through retailers.
- f) **Product line:** An entrepreneur producing a wide range of products may find it economical to set up its own retail outlets. On the other hand, firms with one or two products find it profitable to distribute through wholesalers and retailers.
- g) **Age of the product:** A new product needs greater promotional effort and few middlemen may like to handle it. As the product gains acceptance in the market, more middlemen may be employed for its distribution.

3. **Middlemen Considerations:** The cost and efficiency of distribution depend largely upon the nature and type of middlemen as given in the following factors:

- a) **Availability:** When middlemen as desired are not available, an entrepreneur may have to establish his own distribution network. Non-availability of middlemen may arise when they are handling competitive products, as they do not like to handle more brands.

- b) Attitudes: Middlemen who do not like a firm's marketing policies may refuse to handle its products. For instance, some wholesalers and retailers demand sole selling rights or a guarantee against fall in prices.
- c) Services: Use of those middlemen is profitable who provide financing, storage, promotion and aftersale services.
- d) Sale Potential: An entrepreneur generally prefers a dealer who offers the greatest potential volume of sales.
- e) Costs: Choice of a channel should be made after comparing the costs of distribution through alternative channels.

4. Company Considerations: The nature, size and objectives of the business firm also play an important role in the selection of distribution channel. It includes financial resources, market

- a) Standing, volume of production, desire for control of channel, services provided by manufacturers', etc. Similarly a company desiring to exercise greater control over channel will prefer a shorter channel.

After deciding the number of middlemen, an entrepreneur has to select the particular dealers through whom he will distribute his products. While selecting a particular wholesaler or retailer, the following factors should be taken into consideration:

- a. Location of dealer's business premises;
- b. Financial position and credit standing of the dealer;
- c. Knowledge and experience of the dealer;
- d. Storage and showroom facilities of the dealer
- e. Ability of the dealer to secure adequate business and to cover the market;
- f. Capacity of the dealer to provide aftersale service;
- g. General reputation of the dealer and his sales force;
- h. Willingness of the dealer to handle the entrepreneur's products;
- i. Degree of co-operation and promotion service he is willing to provide;

j. Nature of other products, if any handled by the dealer.

#### **4.4 Conclusion**

Finally to conclude we can say almost every FMCG company has been riding the waves of growth in the last 20 years and it won't be any different in the future. The winners however will innovated more complex but significantly insightful models and use technology to create flexible supply chain, innovative products and communication ideas and satisfy even more consumer requirements. Together with this, the government has to create an enabling environment and tackle number of urban issues for the industry to truly reach its potential.

Although FMCG companies generate a large volume of sales and money, they are always under pressure as they keep facing a lot of competition from their fellow competitors. Due to this, the FMCG companies try to do their level best in maintaining a fine balance in their profits and the product price. Thus they keep facing new challenges on their margins month after month.

One of the key factors for an FMCG company to do well is a proper distribution network. If a distribution network of a particular FMCG company is well oiled, then that particular FMCG Company will definitely find the going much easier in the market. But companies have to allot a large chunk of their finances in developing and fine tuning their distribution networks.

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*Chapter - 5*

*Efficiency of Distribution System – An  
Analysis*

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## Chapter – V

### EFFICIENCY OF DISTRIBUTION SYSTEM – AN ANALYSIS

#### 5 Introduction

Distribution channel is the chain of intermediaries through which a good or service passes until it reaches to the end consumer. It include distributor, retailer and also the customer. Efficiency of distribution system need to be assessed from the point of view of the above three pillars of a distribution channel. This chapter includes the result of effectiveness of distribution system of Double Horse from the point of view of distributors, retailers, and customers. For this purpose a survey was conducted among the three distributors, thirty five retailers and fifty customers selected from the area of 16km radius from Double Horse Office in Thrissur. The result of the study is presented and discussed under the following heads.

##### 5.1 Distributor

###### 5.1.1 Socio-economic profile of the Distributors

###### 5.1.2 Analysis of distributors regarding the efficiency of distribution channel

##### 5.2 Retailers

###### 5.2.1 Socio-economic profile of the Retailer

###### 5.2.2 Analysis of Retailer regarding the Effectiveness of Distribution Channel

##### 5.3 Customers

###### 5.3.1 Socio-economic Profile of the Customer

###### 5.3.2 Preference about the Brand

###### 5.3.3 Efficiency of Distribution Channel

#### 5.1 Distributors

##### 5.1.1 Socio-economic profile of the Distributors

To analyze the socio-economic profile of the distributors of Double Horse, a reference group of three distributors were studied by administrating a pre-structured schedule.

###### 5.1.1.1 Gender wise classification of Distributors

Gender wise classification of distributor is presented in table 5.1

**Table 5.1 Gender wise classification of Distributors**

Sl No	Sex	Respondents (n=3)	Percentage
1	Male	2	67
2	Female	1	33
	Total	3	100

Source: Primary Data

Table 5.1 reveals that out of three distributors, 2 (67 percent) respondents are male and 1 (33 percent) is female.

### 5.1.1.2 Age-wise classification of Distributors

**Table 5.2 Age wise classification of Distributors**

Sl. No	Age	Respondents (n=3)	Percentage
1	25-30	1	33.3
2	30-40	1	33.3
3	40-50	0	0
4	>50	1	33.3
	Total	3	100

Source: Primary Data

From the Table 5.2 it is evident that all the distributors are below 50 years of age with an equal distribution among the sub classes.

### 5.1.2 Analysis of Distributors regarding the efficiency of Distribution Channel

Efficiency of distribution channel was assessed in terms of experience in the distribution business, collaboration with Double Horse. Reasons for collaboration, levels of satisfaction regarding margin and so on.

#### 5.1.2.1 Experience in the distribution business

**Table 5.3 Experience in the distribution business**

Sl No	Time Period	Respondents (n=3)	Percentage
1	Below 1 year	0	0
2	1 to 3 years	1	33
3	3 to 5 years	2	67
	Total	3	100

Source: Primary Data

Out of three respondents, two are there in the business of distribution for the period of 3 to 5 years and one distributor has less than 3 years of experience in the business.

Responding to a question on "whether you also have agency for other distributors". All the respondents answered in the affirmative. All the selected distributors of Double Horse also are distributors of brands rather than Double Horse. The products includes Quality, Saras, Venkys, Hindusthan Uni Lever etc.

### 5.1.2.2 Collaboration with Double Horse

It shows how long the distributors have been collaborating with Double Horse

**Table 5.4 Collaborating with Double Horse**

Sl No	Time Period	Respondents (n=3)	Percentage
1	1 to 3 years	1	33
2	3 to 5 years	2	67
	Total	3	100

Source: Primary Data

Double Horse tries to maintain a better distributor loyalty and 67 percent of the distributors were in collaboration with Double Horse for a period of 3 to 5 years.

### 5.1.2.3 Reasons for adopting distribution of Double Horse

Table 5.5 shows the different factors which made the distributors to adopt the distribution of Double Horse.

**Table 5.5 Reasons for adopting distribution of Double Horse**

Sl No	Particulars	Strongly Agree	Agree	No Option	Disagree	Strongly Disagree
1	Sufficient margin	0	0	0	0	3
2	Good demand	0	3	0	0	0
3	Better quality	0	3	0	0	0
4	Good dealer relationship	0	3	0	0	0
5	Favorable credit policy	0	3	0	0	0

Source: Primary Data

From the table 5.5 it is evident that the respondents are strongly disagreeing to the margin provided. All the 3 respondents are equally agreeing that the margin provided by the



company is not sufficient to them. But looking on to the other factors like demand quality dealer relationship etc. It is seen that all are agreeing that these factors are favorable and positive in adopting the dealership of Double Horse.

**5.1.2.4 Satisfaction level of distributors on the Double Horse dealership**

The overall satisfaction of the distributors towards the margin offered, discount offered and service provided by Double Horse is presented in table 5.6

**Table 5.6 Satisfaction level of distributors on the Double Horse dealership**

Sl.No	Statements	Frequency (n=3)				
		Highly Satisfactory	Satisfactory	No option	Dissatisfactory	Highly Dissatisfactory
1	Margin rate offered	0	0	0	0	3
2	Discount rate offered	3	0	0	0	0
3	Service offered	3	0	0	0	0
4	Timely Delivery	3	0	0	0	0

Source: Primary Data

From the respondents response it is understood that the distributors are highly dissatisfied with the present margin rate. But the distributors are highly satisfied with Other factors like discount offered, service provided and timely delivery provided by the company.

**5.1.2.5 Problems in getting orders delivered**

To make the distribution channel more efficient, it is very essential to know whether distributors are facing problem in getting their orders from Double Horse.

**Table 5.7 Problems in getting orders delivered**

Sl No	Opinion	Respondents (n=3)	Percentage
1	Yes	1	33
2	No	2	67
	Total	3	100

Source: Primary Data

The Table 5.7 clearly indicates that out of 3 respondents 1 is having problems in getting orders delivered from Double Horse. At the same time other 2 respondents are not having any problem in getting their orders delivered.

#### **5.1.2.6 Number of retailers with the distributor**

There should be a proper allocation of retailers, so that the product can be transported with minimum cost. On enquiring with the sample distributors, it is evident that all the distributors have more than 50 retailers dealing with the products.

**Table 5.8 Number of retailers with the distributor**

Sl No	Opinion	Respondents (n=3)	Percentage
1	>50	3	100
	Total	3	100

Source: Primary Data

From the table 5.8 it is very clear that all the distributors are having a strength of above 50 retailers. All the 3 distributors are dealing with more than 50 retailers.

#### **5.1.2.7 Orders from Retailer in a month**

Table 5.9 shows how many orders does the distributor used to get from the retailer in a month. To meet the demand and also to avoid over stocking of the product, it is very essential to know the frequency of orders by the retailer.

### 5.9 Orders from Retailer in a month

Sl No	No. of Orders	Respondents (n=3)	Percentage
1	4 to 5	2	67
2	More than 5	1	33
	Total	3	100

Source: Primary Data

Distributors used to get the orders from the retailers in definite pattern. The table 5.9 clearly shows that, most of the retailers order used to have 4 to 5 orders a month. Out of the 3 respondents 2 of them has stated that they used to have 4 to 5 orders in a month and the 3<sup>rd</sup> respondent used to have more than 5 orders in a month.

#### 5.1.2.8 Time required to deliver the order

Time required for placing the delivery to retailers is presented in table 5.10 because if the delivery has not taken place in time, it will be problem for both distributor and also to the retailer. Both will be losing their business.

#### 5.10 Time required to deliver the order

Sl No	Period of days	Respondents (n=3)	Percentage
1	Within 1 day	3	100
2	More than 2 days	0	0
	Total	3	100

Source: Primary Data

From the respondents response it states that the time required to deliver the order is just 1 day. All the 3 respondents are having the same response. From this data its evident that the distribution is going on in a efficient manner.

#### 5.1.2.9 Staffs in the distribution route

In order to make the distribution channel more efficient, there should be an efficient man power to look after all proceeding. How many staffs are there in the distribution route is presented in the table 5.11

**Table 5.11 Staffs in the distribution route**

Sl. No	Opinion	Respondents (n=3)	Percentage
1	1 to 5	1	33
4	More than 15	2	67
	Total	3	100

Source: Primary Data

Staffs play a key role in making the distribution channel more efficient. 2 distributors are having more than 15 staffs and 1 distributor is having 1 to 5 staffs. As the distributors know the importance of the man power, 2 of the distributors is having more than 15 staffs.

**5.1.2.10 Taking back expired products**

Expired products are the most dangerous one mainly in the food industry. Every companies has to keenly watch weather the expired products are available in the shops, and to avoid it necessary measures have to be carried out. The details are furnished in the table 5.12

**Table 5.12 Taking back expired products**

Sl No	Opinion	Respondents (n=3)	Percentage
1	Yes	3	100
2	No	0	0
	Total	3	100

Source: Primary Data

From the table 5.12 it is evident that distributors are making enough precautions to avoid the availability of the expired products at the shops. All the 3 distributors are taking back the expired products in time.

**5.1.2.11 Expectation from Double Horse**

Introducing effective Promotional schemes are one of the most efficient way to increase the sales. And all the distributors had told that they expect Double Horse to increase the Promotional schemes and all other factors are as good as compared. Company has to study and act on it immediately.



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### 5.1.2.12 Problems with retailers

### 5.13 Problems with retailers

Sl No	Opinion	Respondents (n=3)	Percentage
1	Yes	1	33
2	No	2	67
	Total	3	100

Source: Primary Data

Out of the 3 respondents 2 never encountered any problem with the retailers, but 1 respondent has responded that he has a problem with the retailer. According to the respondents the main problem encountered by retailers are insufficient margin and promotional scheme. A problem less system can only with stand all bounds and move on.

## 5.2 Retailer

### 5.2.1 Socio-economic profile of the Retailer

To analyse the socio-economic profile of the retailers of Double Horse, a reference group of 35 retailers were studied by administrating a pre-structured schedule.

#### 5.2.1.1 Gender wise classification of Retailers

Gender wise classification of retailers is presented in table 5.14

**Table 5.14 Gender wise classification of the Retailers**

Sl. No	Sex	Respondents (n=35)	Percentage
1	Male	30	86
2	Female	5	14
	Total	35	100

Source: Primary Data

As per the table, out of 35 customers 30 (86 percent) respondents are Male and 5 (14 percent) are Female.

### 5.2.1.2 Age of Customers

Age wise classification of customers are given in the table 5.15

**Table 5.15 Age wise classification of Customers**

Sl. No	Age	Respondents (n=35)	Percentage
1	26-35	9	26
2	36-45	11	31
3	46-50	9	26
4	>50	6	17
	Total	35	100

Source: Primary Data

It can be observed that out of 35 respondents 26 percent are of the age group 26-35, 31 percent are of the age group 36-45, 26 percent are of the age group 46-50, and finally 17 percent of the respondents are in the group of above 50. Since 57 percent of the respondents are below 45 years of age, so it is ideal to build up a good and lasting retailer relationship.

### 5.2.1.3 Education Details

**Table 5.16 Education Details**

Sl No	Particulars	Respondents (n=35)	Percentage
1	Secondary	9	26
2	Higher Secondary	9	26
3	Graduation	17	48
	Total	35	100

Source: Primary Data

In the table out of 35 respondents 17 (48 percent) respondents are graduates, both Secondary and higher secondary respondents are 9 (26 percent) respondents each, and finally when looked to primary and Post-Graduation respondents there are exactly none of them. From the table 5.16 it is evident that majority of the respondents are graduates and it shows that graduates are also ready to have the retail business of curry powders and condiments.

## 5.2.2 Analysis of Retailer regarding the Effectiveness of Distribution Channel

### 5.2.2.1 Nature of the Shop

Nature of the shops is presented in table 5.17

**Table 5.17 Nature of the shop**

Sl No	Nature of the shop	Respondents (n=35)	Percentage
1	Grocery	12	34
2	Super Market	19	54
3	Bakery	2	6
4	Others	2	6
	Total	35	100

Source: Primary Data

From the table 5.17 it is evident that 54% of the retailer shop are working as Super Markets. About 34 per cent of the total respondents are doing their business with grocery shops. Only 6 per cent belongs to the bakery and other shops. This clearly indicates the increasing trend towards the number of super markets and to attract more customers many retailers have changed their shops into super markets. To attract more customers the retailers are changing their stores into super markets.

### 5.2.2.2 Experience in Retailing Business

**Table 5.18 Period of time in the Retailing Business**

Sl No	Time Period	Respondents (n=35)	Percentage
1	Below 1 Year	1	2.6
2	1 to 3 Years	3	8.6
3	3 to 5 Years	7	20
4	5 Years and above	24	68.6
	Total	35	100

Source: Primary Data

Table 5.18 shows the details about how long the respondents have been in retail business. Nearly 69 per cent were in the retail business for more than 5 years. 20 percent were

in the business for 3 to 5 years. Whereas 9 per cent entered the retail business in last 1 to 3 years. 3 per cent is there in the business recently, below 1 years. In these the one who were recently came into the retail business were working with other firms and by foreseeing the huge potential of the retailer business they had slowly turned over to this business field.

### 5.2.2.3 Reason for association with Double Horse

The factors which had contributed to the association of retailers with Double Horse was studied with different parameters and the index was calculated. The index was calculated using the five point Likert scale method.

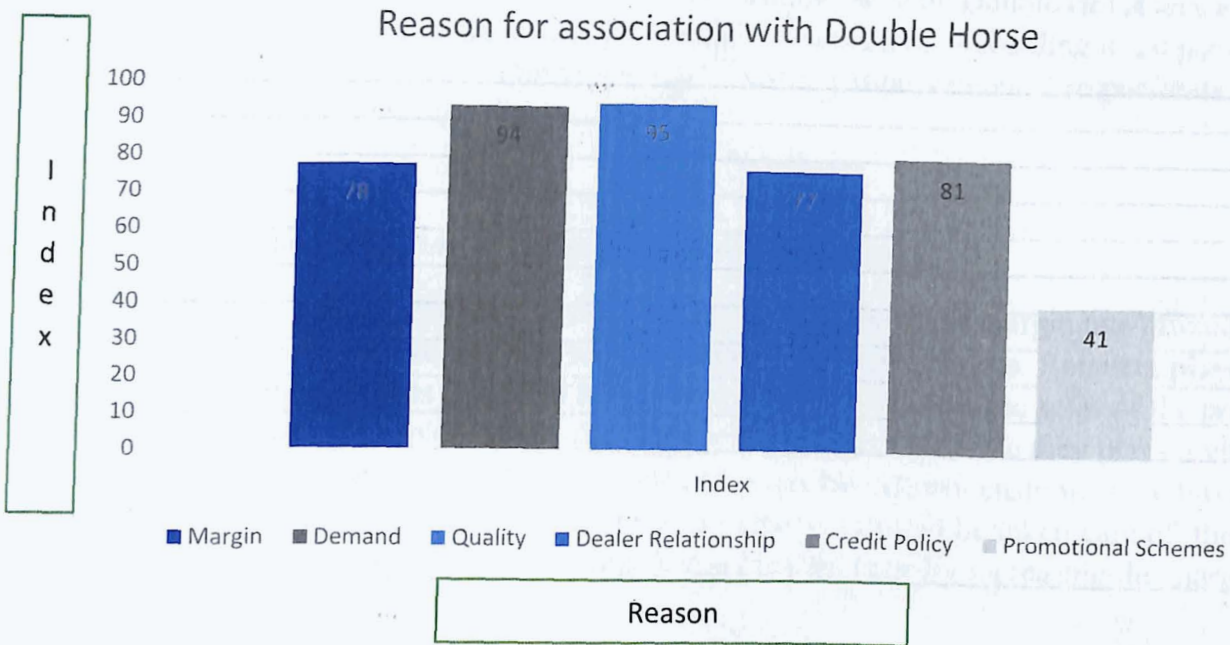
**Table 5.19 Reason for association with Double Horse**

Sl No	Particulars	Frequency (n=35)					Index
		Strongly Agree	Agree	No Option	Disagree	Strongly Disagree	
1	Margin	0	33	1	1	0	78
2	Demand	25	10	0	0	0	94
3	Quality	26	9	0	0	0	95
4	Dealer Relationship	5	24	2	3	1	77
5	Credit Policy	3	31	0	1	0	81
6	Promotional Schemes	0	2	2	26	5	41

Source: Primary Data



**Fig 5.1 Reason for association with Double Horse**



Reasons of retailers doing business with Double Horse, was analyzed. From the table 5.19 it is evident that all the parameters have scored above 75 index except promotional schemes. This gives a clear indication that retailers are not satisfied with the promotional schemes followed by the company and also the distributors. The main reason for collaborating with Double Horse as reported by the sample respondents is its Quality, which scored the maximum index of 95, followed by demand with an index of 94. Credit Policy, Margin and Dealer Relationship have scored 81, 78 and 77 respectively. The retailers are not happy with the Promotional schemes provided by the company.

**5.2.2.4 Performance of Distribution system of Double Horse**

Distribution system has to be good and well structured so that the products will move at greater speed and will reach in the hands of the customer within the short span of time. Performance of distribution system and timely delivery of products of Double Horse are presented in table 5.20

**5.20 Performance of Distribution System of Double Horse**

Sl No	Particulars	Respondents	Percentage
1	Excellent	1	2.9
2	Very Good	3	8.6
3	Good	22	62.9
4	Average	7	20
5	Poor	2	5.7
	Total	35	100

Source: Primary Data

Retailers have a good opinion about the distribution of Double Horse. Out of the total sample, 22 (63 per cent) rated the distribution system followed by Double Horse was good and one respondent has told that the distribution system is excellent. According to 20 per cent the distribution system of Double Horse is average and needs improvement. 2 respondents has told that the distribution of Double Horse is Poor.

### 5.2.2.5 Satisfaction with margin, discount and services offered

Table 5.21 shows whether the retailers are satisfied with the margin rate offered by the distributor, discount offered and the service offered by Double Horse. Retailers plays a key role in making the products available in the market and to increase the sales of the products. Retailers can even enhance or reduce the sales of the products because they plays a vital role in making the customers to buy certain company products. Mostly customers are buying the products which are suggested by the retailers. So retailers should be taken care of, then only the sales of the products will be increasing. It can only be done by increasing the margin and discount rates offered.

**Table 5.21 Satisfaction with margin, discount and service offered**

Sl No	Particulars	Margin rate offered	Discount rate offered	Service offered
		Respondents (Percentage) (n=35)	Respondents (Percentage) (n=35)	Respondents (Percentage) (n=35)
1	Highly Satisfactory	0 (0)	0 (0)	0 (0)
2	Satisfactory	25 (71)	10 (29)	23 (66)
3	Average	8 (23)	23 (66)	10 (29)
4	Dissatisfactory	2 (6)	2 (5)	2 (5)
5	Highly Dissatisfactory	0 (0)	0 (0)	0 (0)
	Total	35 (100)	35 (100)	35 (100)

Source: Primary Data

The Table 5.21 shows that 71 per cent of retailers are satisfied with the margin provided 23 per cent of retailers think that what they been getting as a margin is average only. 6 per cent of the respondents are dissatisfied with the margin provided.

While looking on to the discount offered by the company 66 per cent of retailers think t what the company offers as discount for the purchase is average only. 29 per cent of the retailers are satisfied with the discount offered on purchases. Even though, 5 per cent of the retailers are showing dissatisfaction towards the discounts they get on purchases.

According to the responses of the respondents, the overall services provided by Double Horse to retailers, 66 per cent of the retailers are satisfied. 29 per cent tells that the services provided by Double Horse is just an average. At the same time 5 per cent have shown their dissatisfaction towards the service provided by Double Horse.

### 5.2.2.6 Timely Delivery

Customer is king, so it the duty of the retailers to fulfill the needs of the customers otherwise they will shift to other products. So it is very essential that customers should get the products when they actually want it. Here this question is asked to know whether there is any problems faced by the retailers in order to get the products or is all the products are being delivered timely. Table 5.22 tabulates the Timely Delivery of Double Horse products.

**Table 5.22 Timely Delivery of Double Horse products**

Sl No	Particulars	Respondents (n=35)	Percentage
1	Excellent	0	0
2	Very Good	7	20
3	Good	21	60
4	Average	5	14
5	Poor	2	6
	Total	35	100

Source: Primary Data

Regarding the Timely delivery of Double Horse Products, 60 per cent of the retailers says that they are good but only 20 per cent of the retailers told the timely delivery of Double Horse products are very good. 14 per cent of the retailers told it is an average. But 6 per cent expressed their views as poor. Anyhow 60 per cent has told that the timely delivery of Double Horse products are good, but even though there is a good impression about the delivery, there should be continuous improvement so as to capture the market and to become the market leader.

### 5.2.2.7 Problems in order delivery

This question is brought into the schedule is all because to know whether there is any problem faced by retailers in getting their order delivered from distributors. By getting the answers for this question the company can make necessary actions to reduce it and through which the company can increase their sales and can make a goodwill in the minds of retailers and customers. If orders have delivered at the correct time then only the sales will increase.

**Table 5.23 Problems in order Delivery**

Sl. No.	Opinion	Respondents (n=35)	Percentage
1	Yes	6	17
2	No	29	83
	Total	35	100

Source: Primary Data

From the table 5.23 it is evident that 83 per cent of the respondents have responded that they do not have any problems in getting their orders delivered. 17 per cent have told that they are having problems in getting their orders delivered from distributors. Even though the majority opinion is No, the company should take into account about the retailers who are having problems in order delivery. If they had treated well and managed their problems then only the company have more profit. Otherwise the company will be stagnated at the current profit and may even the profit may go down.

#### **5.2.2.8 Time required for receiving the delivery**

How much time it requires to receive the order that been placed with the distributor is discussed here. Because if the delivery has not taken place in time, it will be problem for both distributor and also to the retailer. Both will be losing their business.

#### **5.24 Time required for receiving the delivery**

Sl No	Period of days	Respondents (n=35)	Percentage
1	Within 1 days	0	0
2	1 to 2 days	8	23
3	3 to 5 days	24	68
4	More than 5 days	3	9
	Total	35	100

Source: Primary Data

In case of receiving the order, most of the orders are received in the period of 3 to 5 days (68 per cent). And maximum time taken is more than 5 days and minimum time taken is

1 to 2 days. The distributors are trying to deliver the orders at time but distributors has to work on to deliver the orders within 1 to 2 days.

### 5.2.2.9 Frequency of visit by the distribution staff

Frequency of visit by the distribution staff to the retailers are presented in table 5.25 Staff should visit the shops regularly and should take orders. There should not be a chance to create a zero stock with the retailers. Every time make sure that there exist a buffer stock with the retailers.

### 5.25 Frequency of visit by the distribution staff

Sl No	Opinion	Respondents (n=35)	Percentage
1	Regularly	15	43
2	Often	16	46
3	Very Often	4	11
	Total	35	100

Source: Primary Data

From Table 5.25 its evident from the total number of 35 respondents 16 (46 per cent) has told that the distribution staff comes to the shop in often occasions, but 15 (43 per cent) respondents has told that the staff comes to the shop regularly. So the company should take precautionary action's to make the distribution staffs to visit the retailer shops regularly.

### 5.2.2.10 Uniqueness in the distribution of Double Horse

The uniqueness found in the distribution of Double Horse is presented in table 5.26

### 5.26 Uniqueness in the distribution of Double Horse

Sl No	Particulars	Strongly Agree	Agree	No Option	Disagree	Strongly Disagree	Index
1	Margin	5	27	0	2	1	79
2	Demand	5	25	1	3	1	77
3	Quality	4	24	2	4	1	75
4	Dealer Relationship	9	25	0	1	0	84
5	Credit Policy	7	26	0	2	0	82

Source: Filed Survey

**Fig 5.2 Uniqueness in the distribution of Double Horse**

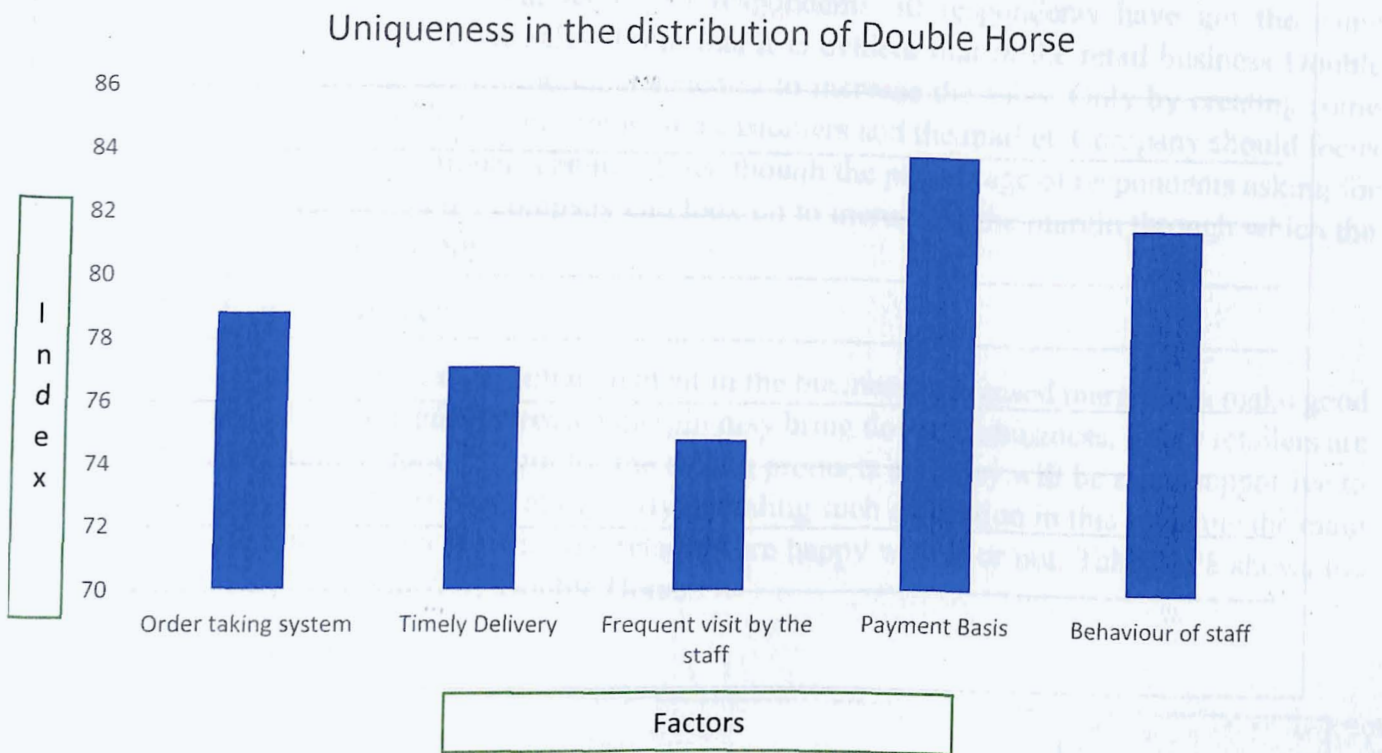


Table 5.26 shows the uniqueness of distribution of Double Horse, in which retailers feel that the most unique point for the company is its payment basis which have got an index of 84 and followed by behavior of staff with an index point of 82. However the least score was handled by frequent visit by staff. So as mentioned before company has to work more on it and it should be improved for the wellbeing of the company. The overall index has represented in the fig 5.2 which can make the interpretation more simple and understandable.

**5.2.2.11 Expectation from Double Horse**

The expectations of the retailers from Double Horse is tabulated in table 5.27 Retailers expect to get better service and consideration from the company.

**Table 5.27 Expectation from Double Horse**

SI No	Opinion	Respondents	Percentage
1	Increased Margin	3	8.6
2	Good Dealer Relationship	2	5.7
3	Effective Promotional Scheme	30	85.7
	Total	35	100

Source: Primary Data

Retailers expect Double Horse to build up an effective Promotional scheme for the company. From the total number of 35 respondents 30 respondents have got the same suggestion for improving the sales. From this it is evident that in the retail business Double Horse is not creating any promotional schemes to increase the sales. Only by creating some better schemes the company can capture the customers and the market. Company should focus more on creating promotional schemes. Even though the percentage of respondents asking for increased margin is less the company can look on to increasing the margin through which the retailers can be made happy.

#### 5.2.2.12 Extent of margin

Margin is the most essential element in the business. Increased margin can make good profits for the business and decreased margin may bring down the business. Every retailers are looking for getting a good margin for the selling products and they will be more supportive to the companies who gives more margin. By including such a question in this schedule the main need was that to find out whether the retailers are happy with it or not. Table 5.28 shows the extent of margin provided by Double Horse.

#### 5.28 Extent of margin

Sl No	Opinion	Respondents	Percentage
1	2.5% - 5%	24	69
2	5% - 7.5%	11	31
	Total	35	100

Source: Primary Data

From the Table 5.28 it is evident that out of 35 respondent's 24 (69 per cent) respondents has the opinion that they are getting a margin in the range of 2.5% - 5%. 11 (31 per cent) respondents have told that they are getting a margin in the range of 5% - 7.5%. Those people with 31 per cent belongs to the supermarkets. No small shops are getting enough margin from Double Horse than as provided by other companies.

Responding to the question on the level of satisfaction on the margin the retailers are getting, 63 per cent opined that they are satisfied at the current level of margin offered by the distributor. But there are 13 (37 per cent) respondents who are not happy with the current margin. This has to be closely watched by the company because if the unhappy retailers stop purchasing of the company products it will adversely affect the profit making situation of the company. Hence the company has to pay more attention to tackle this issue.

### 5.2.2.13 Appropriate level of margin

Expected appropriate level of margin by the retailers is presented in table 5.29

**Table 5.29 Appropriate level of margin**

SI No	Opinion	Respondents	Percentage
1	5% - 7.5%	10	77
2	7.5% - 10%	3	23
	Total	13	100

Source: Primary Data

From the Table 5.29 it is realizable that 10 respondents have asked for a margin of 5% -7.5% and 3 respondents have asked for 7.5% - 10%. The company has to cross check it and have to take necessary actions to increase the margin if required.

### 5.2.2.14 Shelf life of products

Shelf life of the products are an important attribute in deciding the dealership. If the shelf life of the product is less, quality deterioration occurs fast and would affect the sales of the product which in turn would adversely affect the business. Also if shelf life is less, the amount of expired products will increase and quicker replacement of the products is needed. The shelf life of most of the Double Horse products in the opinion of the retailers is up to one year (Table 5.30).

### 5.30 Shelf life of products

SI No	Period	Respondents	Percentage
3	1 Year	34	97
4	>1 Year	1	3
	Total	35	100

Source: Primary Data

The products of the Double Horse are having a shelf life of 1 years which is good and effective. As the shelf life is more the retailers have got more time for keeping the products and to sell them.



### 5.2.2.15 Frequency of replacement

Frequency of replacement of the Double Horse products are shown in table 5.31

**Table 5.31 Frequency of replacement**

Sl No	Periodicity	Respondents	Percentage
1	Regularly	19	54
2	Often	14	40
3	Very Often	2	6
	Total	35	100

Source: Primary Data

From the table 5.31 its realizable that from the total number of 35 respondents 19 (54 per cent) respondents have told that the distributors are regularly replacing the products from shelf. 14 (40 per cent) respondents have stated that the replacement of products from shelf is done often. The company should look forward into this and have to give more attention for the replacement of the products from the shelf regularly.

## 5.3 Customer

### 5.3.1 Socio-economic Profile of the Customer

To analyze the socio-economic profile of the consumers of Double Horse, a sample group of forty five customers were taken and studied by using a pre-structured schedule.

#### 5.3.1.1 Gender wise classification of the customers

Gender wise classification of the respondents are presented in table 5.32

**Table 5.32 Gender wise classification of the customers**

Sl No.	Sex	Respondent	Percentage
1	Male	12	24
2	Female	38	76
	Total	50	100

Source: Primary Data

As per the table, out of 50 respondents 12 (24 per cent) respondents are Male and 38 (76 per cent) are Female.

### 5.3.1.2 Age of Customers

Age wise classification of customers are given in the table 5.33

**Table 5.33 Age wise classification of Customers**

Sl. No	Age	Respondents	Percentage
1	16-25	11	22
2	25-35	6	12
3	35-45	18	36
4	>45	15	30
	Total	50	100

Source: Primary Data

It can be observed that out of 50 respondents 22 per cent are of the age group 16-25, 12 per cent are of the age group 25-35, 36 per cent of the age group 35-45, and finally 30 per cent of the respondents are in the group of above 45. Since 70 per cent of the respondents are below 45 years of age, so it is ideal to build up a good and lasting customer relationship.

### 5.3.1.3 Domicile Location of the Customers

Location of the customers has a vital role in consumption, because the domicile location of the customers decides availability of the products which increases the consumption of the products. By observing the consumption pattern of the consumers the company can improve their sales in that region by using different strategies. Domicile wise classification of customers are depicted in table 5.34

**Table 5.34 Domicile Location of the Customers**

Sl. No.	Domicile	Respondent	Percentage
1	Corporation	15	30
2	Panchayat	35	70
	Total	50	100

Source: Primary Data

Among the respondents 30 per cent are living in the Corporation and 70 per cent are in the panchayat area. It is evident that majority of the respondents are from the panchayat or semi urban area.

#### 5.3.1.4 Occupation wise classification of Customers

Since Double Horse provides the food products people from all status uses it. Table 5.35 classifies the Double Horse customers based on their occupation.

**Table 5.35 Occupation wise classification of customers**

Sl. No.	Status	Respondent	Percentage
1	Business	1	2
2	Private Salaried	9	18
3	Government Salaried	10	20
4	Student	8	16
5	Housewife	22	44
	Total	50	100

Source: Primary Data

The table 5.35 reveals that, Double horse Customers have varied status in which 2 per cent are engaged in business, 18 per cent are Private salaried, 20 per cent are Government salaried, 16 per cent are Students and 44 per cent are House wife. The majority of the respondents were House wife who are the major buyers of the products in the family.

#### 5.3.1.5 Monthly Income

Income wise classification of respondents were collected and analyzes in Table 5.36

**Table 5.36 Monthly Family Income of Respondents**

Sl No	Monthly Income	Respondents	Percentage
1	5000-15000	12	27
2	15001-25000	14	32
3	25001-35000	3	7
4	35001-45000	7	16
5	>45000	8	18
	Total	44	100

Source: Primary Data

It can be seen that a major part of the Double Horse customers are from a middle income families having income ranging from Rs 15001 – 25000. After middle income the users of Double Horse belongs to the lower income group and followed by the higher incomes. So from the table 5.36 we can come to an conclusion that the company should give more priority to the lower and midle class family within the high earning groups.

### 5.3.2 Preference about the Brand

#### 5.3.2.1 Have you used the product

By this question the exactly purpose is, for knowing whether the customers are aware about the brand or not and from this the company can find out the reasons for the customers hesitation to use the product and by finding out the problem and by taking necessary steps to solve it company can regain the customers by which company van increase the business and brand goodwill. Table 5.3 reveals the details about the customer's usage of the product.

**Table 5.37 Weather used the product or not**

Sl. No.	Opinion	Respondents	Percentage
1	Yes	48	96
2	No	2	4
	Total	50	100

Source: Primary Data

The table 5.37 reveals that, from the total respondents about 96 per cent of them had used the products of Double Horse and 4 per cent of the respondents have never used the products due to many reasons.

#### 5.3.2.2 How long being using Double Horse Products?

This question can give a good perception about the customers who are loyal to the brand and who all can be brought to the loyal customers by using different branding methods. Table 5.38 gives the details about how long they are using the products.

**Table 5.38 How long being using Double Horse Products**

Sl. No	Opinion	Respondents	Percentage
1	<1 Years	11	23
2	1-2 Years	18	37
3	2-5 Years	13	27
4	>5 years	6	13
	Total	48	100

Source: Primary Data

From the table 5.38 it is evident that all most 60 per cent of the customers are just started using the product and the company has to use different marketing methods to improve the usage of the products by the users and also there is a huge problem here is that if a new product that has launched has got stick with the minds of the customers they will move on to that brand because there is only a small percent of loyal customers.

### 5.3.2.3 Preference of the customers

From this question we can get the customers mind about why they use the product. Table 5.39 gives the data about this question

**Table 5.39 Preference of the customers**

Sl. No	Opinion	Respondents (n=48)	Percentage
1	Availability	7	15
2	Quality	15	31
3	Taste	25	52
4	Packaging	1	2
	Total	48	100

Source: Primary Data

From the table 5.39, it is evident that the customers are mainly using the products of Double Horse due to its Taste and Quality. 52 per cent of the respondents replied that they prefer Double Horse Products due to its Taste. 31 Per cent of the respondents go with the Quality of the products. Only 17 per cent of the total respondents stands with the factors like Availability, Packaging and Price.

### 5.3.2.4 Frequency of Purchase

Customers buy products according to their wish and desires. So the frequency should be known. Table 5.40 shows Frequency of purchase of Double Horse products.

**Table 5.40 Frequency of purchase**

Sl. No	Opinion	Respondents(n=46)	Percentage
1	Daily	1	2.2
2	Weekly	1	2.2
3	Fortnightly	1	2.2
4	Monthly	41	89
5	Yearly	2	5.3
	Total	46	100

Source: Primary Data

Table 5.40 reveals the customers purchase frequency. According to the table about 89 per cent of the customers purchase their products monthly. 11 per cent of the customers purchase the products in other frequencies. By getting the data of frequency of purchase we can use it for studying the customer's purchasing power.

### 5.3.2.5 Purchase of Grocery

From this question we can understand that from where the customers buy their grocery. By attaining the solution for this question the company can improve their distribution system if required, and can increase the sales of the company. Table 5.41 give the details about where the customers usually buy their grocery.

**Table 5.41 Purchase of Grocery**

Sl. No	Opinion	Respondents (n=48)	Percentage
1	Stationary Shops	14	29
2	Retail Shops	7	15
4	Super Markets	27	56
	Total	48	100

Source: Primary Data

From the table 5.41 it is known that most of the respondents used to buy their grocery from Super Markets. 56 per cent of the total respondents use super markets to their grocery. 29 per cent of them use the stationary shops to buy grocery, 15 per cent of the respondents use the retail shops to buy their grocery. But unfortunately no one is using the wholesale shops to buy the grocery. By this to improve the sales more business can be developed in the super markets and stationary shops.

### 5.3.3 Efficiency of Distribution Channel

#### 5.3.3.1 Availability of Products

To make the distribution channel more efficient, it is very essential to know whether customers are facing problems in getting the Double Horse products from retail shops. Table 5.42 shows it.

**Table 5.42 Availability of Products**

Sl. No	Statement	Response	
		Yes	No
1	Easy access to products in the store	21 (44)	27 (56)
2	Availability of products at the nearby store	24 (50)	24 (50)

Source: Primary Data

From the table 5.42 it is evident that 44 per cent of the respondents responded that the products are available at the nearest shops at the right time. But how ever 56 per cent of the respondents responded that the products of Double Horse are not available at the nearest shop at the right time. Company should take necessary steps to understand the problem for unavailability if products and take necessary steps to overcome it otherwise the sales at that part of the shops will be taken over by other companies.

From the table 5.42 it is evident that both an equal percentage of the respondents have given their view. 50 per cent of the respondents have told that they are satisfied with the availability of the products but other 50 per cent of the respondents have gone against it.

### **5.3.3.2 Problems with the product as perceived by customer**

It is very important that every companies should take care of the customer's preferences. To increase the company goodwill all companies should maintain a better relationship with the customers and ask for regular suggestion and their complaints. This can make a mind set with the customers that the company gives more values for them, which can greatly help in increasing the sales.

Respondents have opined that there are problems with the products. Out of 48 respondents 26 of them have told that they are having problems with Double Horse products and the rest 22 respondents said they didn't have any complaint about the products. It would benefit the company, if the problems are studied in detail and necessary action taken to overcome those problems.

Table 5.43 below presents the results of thedetailed enquiry regarding the problems of the products as raised by the customers.

**Table 5.43 Problems with the product**

Sl No	Particulars	Respondents			Percentage		
		Yes	No	Total	Yes	No	Total
1	Poor Quality	1	46	47	2	98	100
2	High Price	28	19	47	60	40	100
3	Defective Packing	4	43	47	9	91	100
4	Insufficient Promotion	26	21	47	55	45	100
5	Availability of Expired products	2	45	47	4	96	100

Source: Primary Data

From the table 5.43 it is understandable that according to the customers, the main problem faced by the Double Horse are the high price and insufficient promotion. Out of 47 respondents 28 respondents had responded that the price of the products of Double Horse are very high and 26 respondents has responded that the promotional schemes are insufficient. The company should look on to these factors and work on it to increase the sales of the Double Horse.

## 5.4 Conclusion

The chapter includes the analysis of data collected from the distributors, retailers and also the customers about the effectiveness of distribution channel of Double Horse products. Distributors, Retailers and Customers responses were taken and analysed. The Efficiency was examined by considering the responses of distributors, retailers and customers. The analysis clarifies all the elements which is giving the idea about Double Horse distribution network and efficiency of it. Major findings and suggestions based on the observations were discussed in the next chapter.



*Chapter - 6*

*Summary of Findings, Conclusion  
and Suggestions*

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## Chapter – VI

### SUMMARY OF FINDINGS, CONCLUSION AND SUGGESTIONS

#### 5.1 Introduction

In every organization, Distribution channel plays a very good role. Distribution function satisfies the utilities like place, form, time and cost. In order to maximize these utilities, functions of the channels of distribution should be efficient and all the intermediaries like distributors, wholesalers, and retailers should work jointly and unidirectional. Organizations have to be built without any gaps in the distribution system. Distribution System decides all about the sales and profits, if the distribution channel is efficient then the sales and profit of the company will also increase. Which will take the company into the different levels.

Today marketing considerations are most crucial in business planning and decision making. The modern concept of marketing recognizes its role as a direct contributor to profits as well as sales volume. The study titled “A Study on Efficiency of Distribution System of Double Horse Products” was undertaken to study the efficiency of the distribution system of Double Horse products. The area taken for the Study was Thrissur District. The study was based on primary data collected through Primary Data of 3 distributors, 35 retailers and 50 customers. Percentages and indices were used for analyzing the survey results.

#### 5.2 Major Findings

##### 5.2.1 Distributors level

- Among the total of three distributors, two are males and one is female.
- 67 per cent of them were having experience in the distribution business for 3 to 5 years.
- All the 3 distributors were having distribution of other products along with Double Horse.
- 2 out of 3 distributors are having 3 to 5 years of collaboration with Double Horse.
- All the 3 distributors are showing their disagree towards the present margin.
- All the 3 distributors shows their disappointment towards the current margin provided but they are highly satisfied with the discount offered and service provided by company.

- All the 3 respondents had responded that the delivery done by the company is excellent.
- Out of 3 respondents 1 is having problems in getting orders delivered from Double Horse. At the same time other 2 respondents are not having any problem in getting their orders delivered.
- All the 3 distributors are dealing with more than 50 retailers.
- Out of 3 distributors 2 are getting 4 to 5 orders in a month, and only 1 distributor is having more than 5 orders in a month.
- All the 3 distributors take just 1 day to deliver the order.
- 2 distributors are having more than 15 staffs and 1 distributor is having 1 to 5 staffs.
- All the 3 distributors are taking back the expired products in time.
- All the distributors have responded that they expect Double Horse to increase the Promotional schemes.
- Out of the 3 respondents 2 encountered no problem with the retailers, but 1 respondent has responded that he has a problem with the retailer.

### *5.2.2 Retailers level*

- Among the total of 35 retailers, 30 (86 per cent) were male and 5 (14 per cent) of them were females.
- Most of the retailer shops are working as a super market, from our survey it was about 54 percent of the retailer shops were supermarkets. This clearly indicates the increasing trend towards the number of super markets and to attract more customers many retailers have changed their shops into super markets.
- From the total retailers selected for the study, 69 per cent of the retailers were in the retail business for more than 5 years. 20 percent were in the business for 3 to 5 years. Whereas 9 per cent entered the retail business in last 1 to 3 years. 3 per cent is there in the business recently, below 1 years.
- The main reason for the collaboration with Double Horse is it is Quality, which scored the maximum index of 95, followed by demand with 94. Credit Policy, Margin and Dealer Relationship have scored 81, 78 and 77 respectively.
- Out of the total sample of 35, 22 (63 per cent) rated the distribution system followed by Double Horse was good and one respondent has told that the distribution system is excellent. According to 20 per cent the distribution system of Double Horse is average

and needs improvement. 2 respondents has told that the distribution of Double Horse is Poor.

- With the present margin rate offered, 71 per cent of the respondents are feeling satisfied. But 23 percent feel that it is just an average.
- While we look onto the service offered by the Double Horse the respondents are feeling satisfied from the total respondents 66 per cent have supported that and 29 per cent have told that the service provided by Double Horse is just an average.
- For the Discount offered by the company 66 per cent of the respondents have responded that the discount offered is just an average when compared to the other companies.
- Regarding the timely delivery of Double Horse, 60 per cent of the retailers says that they receive the goods timely. Whereas 20 per cent feels it is very good.
- In case of receiving the order, most of the order will placed in a period of 3 to 5 days (68 per cent). And the minimum time required is 1 to 2 days.
- From the total number of 35 respondents 16 (46 per cent) has told that the distribution staff comes to the shop in often occasions, but 15 (43 per cent) respondents has told that the staff comes to the shop regularly.
- Retailers feel that the most unique point of the company is its payment basis which have got an index of 84 and followed by behavior of staff with an index point of 82. However the least score was handled by frequent visit by staff.
- Retailers expect Double Horse to build up an effective Promotional scheme for the company. From the total number of 35 respondents 30 respondents have got the same suggestion for improving the sales. From this it is evident that in the retail business Double Horse is not creating any promotional schemes to increase the sales.
- Out of 35 respondent's 24 (69 per cent) respondents has the opinion that they are getting a margin in the range of 2.5% - 5%. 11 (31 per cent) respondents have told that they are getting a margin in the range of 5% - 7.5%. Those people with 31 per cent belongs to the supermarkets.
- 22 (63 per cent) respondents out of 35 are happy with the current margin, which is more than 50 per cent of the total respondents. But there are 13 (37 per cent) respondents who are not happy with the current margin.
- 10 respondents have asked for a margin of 5% -7.5% and 3 respondents have asked for 7.5% - 10%.

- The products of the Double Horse are having a shelf life of 1 years which is good and effective. As the shelf life is more the retailers have got more time for keeping the products and to sell them.
- From the total number of 35 respondents 19 (54 per cent) respondents have told that the distributors are regularly replacing the products from shelf. 14 (40 per cent) respondents have stated that the replacement of products from shelf is done often.

### *5.2.3 Customer level*

- Out of 50 consumers surveyed 76 per cent were females and 24 percent were male.
- Double Horse consumers have varied status in which 44 per cent were house wife, 20 per cent are government salaried, 18 per cent are private salaried and 16 per cent are students.
- A major part of the Double Horse consumers (32 per cent) are from middle income group having income ranging from Rs.15001-25000.
- From the total respondents about 96 per cent of them had used the products of Double Horse and 4 per cent of the respondents have never used the products due to many reasons.
- The customers are mainly using the products of Double Horse due to its Taste and Quality. 52 per cent of the respondents replied that they prefer Double Horse Products due to its Taste. 31 Per cent of the respondents go with the Quality of the products. Only 17 per cent of the total respondents stands with the factors like Availability, Packaging and Price.
- Most of the customers prefer to buy the products of Double Horse monthly (89 per cent) only.
- 56 per cent of the total respondents use super markets to buy grocery. 29 per cent of them use the stationary shops to buy grocery, 15 per cent of the respondents use the retail shops to buy their grocery.
- 44 per cent of the respondents responded that the products are available at the nearest shops at the right time. But how ever 56 per cent of the respondents responded that the products of Double Horse are not available at the nearest shop at the right time.

- Respondents have responded that there are problems with the products. Out of 48 respondents 26 of them have told that they are having problems with Double Horse products. Other 22 respondents had stand against it.
- The main problem faced by the Double Horse are the high price and insufficient promotion. Out of 47 respondents 28 respondents had responded that the price of the products of Double Horse are very high and 26 respondents has responded that the promotional schemes are insufficient.

## 5.2 Conclusion

From the study it is understood that there are a lot of imperfections in the overall distribution system of Double Horse which would adversely affect the sales and the profit of the company. Even though Double Horse brand has a variety of product line around 200 different varieties of food products, as as the study results only about 20 to 25 variety of products are known to the customers. This indicates that all the products are not reaching to the retailer outlet and so the customers are moving to other brand of products. Based on the results and observations, the following suggestions are put forward to improve the overall effectiveness of the distribution system of Double Horse. This would enable the company to recapture the market share of Double Horse.

## 5.3 Suggestions

- ❖ Company can probe the possibility of increasing margin for distributors and retailers.
- ❖ Company has to ensure that all the products are available at the stores year round.
- ❖ In accordance to the need of the distributors and retailers more promotional schemes have to be introduced.
- ❖ Envisage better publicity about the product lines of Double Horse harnessing on its motto of high quality.
- ❖ More promotional activities has to be introduced by Double Horse.
- ❖ The company can look onto the new means of marketing their products like online marketing, through which company can make sure that all variety of their products are seen by the customers.
- ❖ The products has to be taken to more stores in every nook and corner of the state.
- ❖ Provide more discounts on bulk purchases to the distributors, retailers and even to customers.

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*Appendix*

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**Appendix I**

**KERALA AGRICULTURAL UNIVERSITY**

**COLLEGE OF CO-OPERATION BANKING AND MANAGEMENT**

**VELLANIKKARA, THRISSUR**

**A STUDY ON EFFICIENCY OF DISTRIBUTION SYSTEM OF DOUBLE HORSE PRODUCTS**

**Interview Schedule for Distributor**

1. Name of the distribution Agency :

2. Name of the Distributor :

3. Address :

4. Gender : Male / Female

5. Age :

6. Location :

7. Educational details

Primary	Secondary	Higher Secondary	Graduation	Post- Graduation

8. How long you have been in the distribution business :

- a) Below 1 Year  b) 1 to 3 years  c) 3 to 5 years  d) 5 years and above

9. Do you have any other distribution rather than Double Horse products?

Yes  No

If yes, specify the product

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

10. When did you start collaboration with Double Horse?

a) Below 1 Year  b) 1 to 3 years  c) 3 to 5 years  d) 5 years and above

11. What is the reason for choosing the distribution of Double horse?

Sl.No	Particulars	Strongly Agree	Agree	No option	Disagree	Strongly Disagree
1	Margin					
2	Demand					
3	Quality.					
4	Dealer Relationship					
5	Credit Policy					

12. Rate your overall satisfaction with the services offered by Double Horse to distributors?

a) Highly Satisfactory  b) Satisfactory  c) Average  d) Dissatisfactory   
 e) Highly Dissatisfactory

13. How do you rate the timely delivery of Double Horse?

- a) Excellent  b) Very Good  c) Good  d) Average  e) Poor

14. Do you used to have problems in getting your orders delivered from Double Horse?

- Yes  No

15. How do you rate the discount offered by Double Horse on bulk purchase?

- a) Highly Satisfactory  b) Satisfactory  c) Average  d) Dissatisfactory   
e) Highly Dissatisfactory

16. How many retailers are you dealing?

- a) <10  b) 10 to 20  c) 20 to 30  d) 30 to 40  e) >50

17. On an average, how many times did you receive the order from the retailer in a month?

- a) 1  b) 2 to 3  c) 4 to 5  d) more than 5  ...

18. Once the order is been placed by the retailer, how much time would you require to deliver the order?

- a) Within 1 day  b) 1 to 2 days  c) 3 to 5 days  d) more than 5 days

19. Do you make credit arrangement to the dealers?

- Yes  No

20. How many days credit period are you giving for the retailers?

- a) 3 days  b) 1 week  c) 1-2 week  d) > 2 week

21. How many staff are there in the distribution route?

- a) 1 to 5  b) 6 to 10  c) 11 to 15  d) more than 15

22. Are you satisfied with the present margin?

- a) Highly Satisfactory  b) Satisfactory  c) Average  d) Dissatisfactory   
e) Highly Dissatisfactory

23. What you are expecting from Double Horse to increase the sales?

- a) Margin  b) Quality  c) Dealer relationship  d) Promotional Schemes   
e) Credit policy

24. What is the margin provided by Double Horse?

- a) 1%-5%  b) 5%-7%  c) 7%-10%  d) 10%-12.5%  e) >12.5%

25. Is the margin provided by Double Horse is better than other companies?

- Yes  No

26. What are the problems faced from the distribution channel of Double Horse? ...

- a)  
b)  
c)

\*\*\*\*\*Thank you\*\*\*\*\*

22. Are you satisfied with the present margin?

- a) Highly Satisfactory  b) Satisfactory  c) Average  d) Dissatisfactory   
e) Highly Dissatisfactory

23. What you are expecting from Double Horse to increase the sales?

- a) Margin  b) Quality  c) Dealer relationship  d) Promotional Schemes   
e) Credit policy

24. What is the margin provided by Double Horse?

- a) 1%-5%  b) 5%-7%  c) 7%-10%  d) 10%-12.5%  e) >12.5%

25. Is the margin provided by Double Horse is better than other companies?

- Yes  No

26. What are the problems faced from the distribution channel of Double Horse? ...

- a)  
b)  
c)

\*\*\*\*\*Thank you\*\*\*\*\*

**Appendix II**

**KERALA AGRICULTURAL UNIVERSITY**

**COLLEGE OF CO-OPERATION BANKING AND MANAGEMENT**

**VELLANIKKARA, THRISSUR**

**A STUDY ON EFFICIENCY OF DISTRIBUTION SYSTEM OF DOUBLE HORSE PRODUCTS**

**Interview Schedule for Retailers**

- 1. Name of the shop :
- 2. Name of the Retailer :
- 3. Address :
- 4. Gender : Male / Female
- 5. Age :
- 6. Location :
- 7. Educational details

Primary	Secondary	Higher Secondary	Graduation	Post-Graduation

8. Nature of the shop?

- a) Grocery
- b) Super market
- c) Bakery
- d) Others

9. How long you have been in the retail business?

- a) Below 1 Year
- b) 1 to 3 years
- c) 3 to 5 years
- d) 5 years and above



10. Reasons for association with Double Horse?

Sl.No	Particulars	Strongly Agree	Agree	No option	Disagree	Strongly Disagree
1	Margin					
2	Demand					
3	Quality					
4	Dealer Relationship					
5	Credit Policy					
6	Promotional Schemes					

11. Other Reasons, Specify

a) \_\_\_\_\_

b) \_\_\_\_\_

12. How do you rate the performance of Distribution System?

a) Excellent  b) Very Good  c) Good  d) Average  e) Poor

13. How do you rate the margin provided by Double Horse?

a) Highly Satisfactory  b) Satisfactory  c) Average  d) Dissatisfactory

e) Highly Dissatisfactory

14. How do you rate the Discount offered by distributor of Double Horse?

- a) Highly Satisfactory  b) Satisfactory  c) Average  d) Dissatisfactory   
 e) Highly Dissatisfactory

15. Rate the overall satisfaction with the services offered by Double Horse to retailers?

- a) Highly Satisfactory  b) Satisfactory  c) Average  d) Dissatisfactory   
 e) Highly Dissatisfactory

16. How do you rate the time delivery of Double Horse?

- a) Excellent  b) Very Good  c) Good  d) Average  e) Poor

17. Do you used to have problems in getting your order delivered from distributor?

- Yes  No

18. Once the order is been placed by you, how much time would the dealer require to deliver the order? ...

- a) Within 1 day  b) 1 to 2 days  c) 3 to 5 days  d) more than 5 days

19. Does the distribution staff come to your shop on a regular basis?

- a) Regularly  b) Often  c) Very often

20. What is the uniqueness you found in the distributors of Double Horse?

Sl.No	Particulars	Strongly Agree	Agree	No option	Disagree	Strongly Disagree
1	Order taking system					
2	Timely Delivery					
3	Frequent Visit by the staff					

4	Payment Basis					
5	Behaviour of staff					

21. What is your opinion, would help Double Horse to increase the sales ?

- a) Increased Margin  b) Improved Quality  c) Good Dealer relationship   
d) effective promotional Schemes  e) Attractive credit policy

22. What is the extend of margin provided by Double Horse dealers?

- a) 1%-2.5%  b) 2.5%-5%  c) 5%-7.5%  d) 7.5%-10%  e) > 10%

23. Are you happy with the current margin?

- Yes  No

23. What's the appropriate level of margin you think to get? ...

- a) 1%-5%  b) 5%-7.5%  c) 7.5%-10%  d) 10%-15%  e) >15%

24. Whats the shelf life of products ?

- a) 1 Month  b) 3 Months  c) 6 months  d) 1 years  e) > 1 Years

25. Whats the frequency of replacement of products from shelf?

- a) Regular  b) Often  c) very often

\*\*\*\*\*Thank you\*\*\*\*\*

**Appendix III**

**KERALA AGRICULTURAL UNIVERSITY**

**COLLEGE OF CO-OPERATION BANKING AND MANAGEMENT**

**VELLANIKKARA, THRISSUR**

**A STUDY ON EFFICIENCY OF DISTRIBUTION SYSTEM OF DOUBLE HORSE PRODUCTS**

**Interview Schedule for Customers**

- 1. Name of the Customer :
- 2. Gender : Male / Female
- 3. Age :
- 4. Address :
- 5. Location :
- 6. Domicile : Municipality / Panchayath
- 7. Educational details

Primary	Secondary	Higher Secondary	Graduation	Post-Graduation

- 8. Status : Business/ Private Salaried/ Govt/ Student/ Housewife
- 9. Monthly Family Income from all source:
- 10. Have you used the products of Double Horse?

Yes

No

11. How long you being using Double Horse Products?

- < 1 year     1-2 years     2-5 years     >5 years

12. Why do you prefer Double Horse products?

- Availability     Quality     Taste     Packaging     Price Profitability

13. Frequency of Purchase?

- Daily     Weekly     Fortnightly     Monthly

14. From where do you usually buy the grocery?

- Stationary shops     Retail Shops     Wholesale shops     Supermarkets

15. What all Double Horse products are you aware of or available at the stores that you go for shopping?

a) \_\_\_\_\_

b) \_\_\_\_\_

c) \_\_\_\_\_

d) \_\_\_\_\_

16. Is all the products of Double Horse are available at the right time of your need?

- Yes     No

17. Are you satisfied with the availability of products at the stores?

- Yes     No

18. Is there any complaints about the availability of the products?

- Yes     No

19. Is there any problems with the products?

-

Yes

No

20. If Yes please mention the problems?

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

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\*\*\*\*\*Thank you\*\*\*\*\*