

## CHAPTER VI

### MARKETING STRATEGIES OF DIARY PRODUCERS

#### 6.1 INTRODUCTION

Marketing begins and ends with the customers. Under market driven economy, customer is the boss. Marketing is said to be the eyes and ears of a business organization. In the age of fast changes, marketing is the spring board of all activities. It is a powerful mechanism which alone can satisfy the needs and wants of consumers at the place and price they desire. The success of a business depends largely on the effectiveness with which its marketing strategies are formulated and implemented.

With the changing business scenario, marketing has taken the shape of value added marketing activity. The basic pressure of any marketing activity is turning the four Ps *i.e.*, product, price, place and promotion. In this chapter, an attempt is made to study the marketing strategies adopted by the diary producers in Sivakasi.

#### 6.2 MARKETING STRATEGIES OF DIARY PRODUCERS

Every business must serve the consumers in order to survive and to be successful. The sweet smell of success and consumers' satisfaction can be derived by a business enterprise only when proper marketing strategies are employed by the marketing executives. Integrated planning alone can enable the enterprise to achieve the success. These sequences of plans form a strategy. Strategy is the unified idea that links the functional areas of the company and its related activities to the external environment. Strategy is a dynamic action oriented formal plan to accomplish the company's mission,

basic objectives as well as functional objectives. Strategies provide preferred means to accomplish the desired ends.<sup>58</sup>

The diary manufacturers in Sivakasi have been adopting so many marketing strategies such as special cash discount, trade discount, free printing on the cover *etc.*, to achieve their goal of increasing sales. The major goal of every diary manufacturer is to optimize his sales/profit/consumer satisfaction by minimizing marketing cost with effective marketing strategies.

### **6.2.1 PRODUCT STRATEGIES**

Product is the thing possessing utility. A product supplies two kinds of utilities. They are economic utility and supplementary utility in the form of social psychological benefits. Marketers must define their market in terms of product function what the customer expects from the product.

Diary is a seasonal product and it is also a gift article. Printing units in Sivakasi engaged in the production of diaries not only meant for persons' own usage, but also for doctors, engineers, executives, sales representatives, students, LIC agents *etc.* The study is confined to the following types of diaries used by consumers in Sivakasi.

#### **6.2.1.1 Economic size diary**

Economic size diary has a length and breadth of 8 ¼" X 5 ¼", containing the details such as list of holidays, year planner, telephone numbers, mobile numbers, e-mail segments, STD codes *etc.* It also has PVC cover, Mat cover, Leatherite cover, Foam hard bound leatherite cover, imposed PCP or mat laminated cover, holding commercial advertisements for 4 pages or 8 pages, with high quality inners. One day to a page is denoted as Single Date (SD); likewise two days to a page is denoted as Double Date

---

<sup>58</sup> Sherlakar, "*Marketing Management*", Mumbai: Himalaya Publishing House, 13<sup>th</sup> Revised Edition, p. 160.

(DD). Inner printed in 1 + 1 colour in map litho paper. Diaries are decorated by corner clips, silver and gold gilts and a special book mark.

Special diaries like engineer's diaries enlighten the user to know about the engineering information. Vedic diaries enrich the users to know about the Vedic philosophy. Corporate/management diaries include a yearly and monthly planner for all corporate use. Nice quotations/slogans/messages are quoted at the top or at the bottom line of the diaries.

#### **6.2.1.2 Mini size diary**

Mini size diary has a length and breadth of 7" X 4 ¾", comfortable to all type of users with details such as STD codes, postal information, space of notes, year planner, telephone numbers, mobile numbers, e-mail segment, list of holidays. It has PVC or mat or mat laminated or leatherette or foam hard bound leatherite or imported PVC cover. Usually, one day is allotted to a page or two days are allotted to a page. Saturday and Sunday are clubbed or Sunday holds separate page in some special diaries. This type holds commercial advertisements for 4 pages or 8 pages. High quality inners like map litho paper, bond paper or cream shade paper (high quality) are used in diaries. Inner lines, dates, day are printed in one colour or 2 colours or 3 colours or sometimes 4 colours (high cost). Diaries are decorated by corner clips, silver & golden gilts, ribbon book marking and enlighten the users to know about astrology, first aid information, tax provisions, currency codes, rupee value, world map, Tamil Nadu map, air travel timings, tourism information *etc.*

#### **6.2.1.3 Large size diary**

Large size diary has a length and breadth of 7 ¼" X 9" expressing the image of the users. Generally, corporate/management diaries are produced in this size and express its image. It holds the details such as personal memorandum, STD, ISD codes, postal information, space for notes, year planner, space for notes, telephone number, mobile

numbers and e-mail segment and list of holidays. It has PVC or mat cover *etc.* It also holds commercial advertisements, pictures of national leaders, management quotes and tourism for 4 pages or 8 pages. High quality inners like map litho, bond or cream shade paper are used in diaries. Diaries are decorated by corner clips, silver and golden gilts, ribbon book marking. Large size diaries enlighten the users to know about the business details, international currency codes, world map *etc.*

#### **6.2.1.4 PRODUCT DEVELOPMENT STRATEGY**

##### **6.2.1.4a Starting Month of the order collection**

Diary is a seasonal product. The manufacturers of diaries start the order collection from June to October. Table 6.1 shows the details about starting the order collection.

**TABLE 6.1**  
**STARTING MONTH OF THE ORDER COLLECTION**

<b>Month</b>	<b>No. of respondents</b>	<b>Percentage</b>
June	1	10
July	1	10
August	5	50
September	2	20
October	1	10
<b>Total</b>	<b>10</b>	<b>100</b>

Source: Primary data

Out of 10 respondents, 5 (50%) took orders in the month of August, 2 (20%) collected the orders in the month of September, 1 (10%) obtained the orders in the month of June, July and October respectively.

#### **6.2.1.4b Stop the order collection**

The manufacturers stop the order collection at the end of December or January or February. Table 6.2 explains the data regarding stoppage of order collection.

**TABLE 6.2**  
**STOPPAGE OF ORDER COLLECTION**

<b>Month</b>	<b>No. of respondents</b>	<b>Percentage</b>
Before December	3	30
End of December	5	50
January	2	20
<b>Total</b>	<b>10</b>	<b>100</b>

Source: Primary data

Out of 10 respondents, 5 (50%) stopped the order collection at the end of December, 3 (30%) stopped the order collection before December and 2 (20%) stopped the order collection in the month of January.

#### **6.2.1.4c Execution of orders**

The manufacturers execute the entire process of order collection at the end of December, January or February. Table 6.3 portrays the data regarding execution of orders.

**TABLE 6.3**  
**EXECUTION OF ORDERS**

Month	No. of respondents	Percentage
End of December	6	60
January	3	30
February	1	10
<b>Total</b>	<b>10</b>	<b>100</b>

Source: Primary data

Out of 10 respondents, 6 (60%) completed their order process at the end of December, 3 (30%) finished their order process in the month of January and 1 (10%) completed their order process in the month of February.

### **6.2.2 PRICING STRATEGIES**

Price is the mechanism for translating into quantitative terms the perceived value of the product to the customer at a point of sale. Price is the amount charged for the product or service including warranties or guarantees, delivery, discounts, services or

other items that are part of the conditions of sale and are not paid for separately. Thus, price must be equal to the total amount of benefits. Price is the only objective criteria for the consumer for comparative alternative item and making the final choice.

### **6.2.2a Price related marketing strategies**

#### **Discounts and allowances offered to wholesalers**

Discounts and allowances are price concessions offered to traders or buyers in the form of deductions from the list price or from the amount of a bill or invoice. Diary manufacturers are offering the following forms of discounts and allowances.

##### **i) Free title page printing discount**

Advertisement message of the customer in English or Tamil is printed in single colour free of cost on the first page of the diary, if the order at a time exceeds 100 numbers in a particular size diary. Free printing is also allowed to some kinds of diaries if the order exceeds 200 numbers. If the order is less than the minimum quantity, free title page printing discount is not offered by the diary printing unit.

##### **ii) Free printing discount on diary outer cover**

Buyer's logo or address or the year any one in single impression in one place can be screen printed to a size not exceeding 1" X 3" at free of charge for quantities above 200 diaries in one variety. For quantities less than 200 diaries, this type of free printing discount is not offered to the buyers by the diary manufacturer.

##### **iii) Quantity discounts**

In order to encourage a customer to make bulk or large purchases at a time or to concentrate his purchases with the seller, quantity discount is offered to large buyers. Quantity discount can reduce the prices for bulk purchase order. These may be cumulative *i.e.*, on the total volume of purchases made during a certain period. They are really patronage discounts. The main purpose of quantity discount is to stimulate the sales of slow moving items. Manufacturers can have real economics in production as well as in selling. This will reduce the total costs. Manufacturers will have no problem of accumulated stocks or inventories.

Dairy manufacturers offer this type of discount to those buyers who confirm their orders before stipulated date (15<sup>th</sup> October). Dairy producers' special quantity discounts is given in Table 6.4

**TABLE 6.4**  
**SPECIAL QUANTITY DISCOUNTS**

Order value ( in `.)	Discount
less than 25,000/-	No discount
25,000 – 50,000	2%
50,000 – 75,000	3%
75,000 – 1,00,000	4%
1,00,000 and above	5%

Source: Primary data

#### **iv) Cash Discount**

Cash discount is a rebate or a concession given to the trader to encourage full payment by cash or cheque within a short period of the date of the bill. The period to avail the cash discount is usually 10 days. Cash discount is calculated on the net amount due after first deducting trade and quantity discounts from the initial list or catalogue price. It is a percentage reduction on the net amount due. The main advantage of cash discount is no danger of bad debts. There is relief in the recovery of debts. The producer need not have a larger working capital as he sells on cash terms.

Diary manufacturers are offering a special cash discount of 10% on orders received before 15<sup>th</sup> October of the year with 100% payment by demand draft along with order itself.

The value of the ordered diaries may be calculated at the list price then deduct discount on it and then add extra charges if any towards additional colour printing, cover printing charges, block making charges, additional pages, printing charges, packing charges, postal charges *etc* and sales tax applicable while making the full advance payment.

### 6.2.2b Price trend for economic size diaries

The following table shows the price trend for economic size diaries.

**TABLE 6.5**

**PRICE TREND FOR ECONOMIC SIZE DIARIES**

<b>Year</b>	<b>Y</b>	<b>X</b>	<b>X<sup>2</sup></b>	<b>XY</b>	<b>Trend</b>
2003-04	48	-1	1	-48	54.55
2004-05	50	-2	4	-100	52.37
2005-06	53	-3	9	-159	50.19

2006-07	54	-4	16	-216	48.01
2007-08	54	-5	25	-270	45.83
2008-09	55	0	0	0	56.73
2009-10	60	5	25	300	67.63
2010-11	72	4	16	288	65.45
2011-12	87	3	9	261	63.27
2012-13	91	2	4	182	61.09
Total	624		109	238	

Source: Primary data

From the above table, it is clear that the prices of economic size diaries show a fluctuating trend during the period under review, due to changes in the prices of raw materials and adoption of new production techniques. In the year 2003-04, the price of economic size diaries stood at ` . 48 per diary and in the year 2012-13, the price is at `.91 per diary (Nearly two fold increase). In 2020, the estimated price trend value of a diary would be ` . 93.

The Compound Growth results are shown in the following table:

**TABLE 6.6**  
**PRICE TREND FOR ECONOMIC SIZE DIARIES –**  
**COMPOUND GROWTH RATE**

Particulars	Trend values
-------------	--------------

a	56.73
b	2.16*
Correlation (r)	0.91
Adjusted R square	0.78
Compound Growth Rate	46.45

Source: Calculated data

\* indicates that the trend values are significant at 5% level

It is clear from the above table that the price trend of economic size diary has been increasing with `2.16 per diary. There is a high degree of positive correlation between actual price and estimated price trend values. The adjusted R square is 0.78 and the compound growth rate is 46.45 per diary per annum.

### 6.2.2c Price trend for mini size diaries

The following table shows the price trend for mini size diaries:

**TABLE 6.7**

#### **PRICE TREND FOR MINI SIZE DIARIES**

<b>Year</b>	<b>Y</b>	<b>X</b>	<b>X<sup>2</sup></b>	<b>XY</b>	<b>Trend</b>
2003-04	36	-1	1	-36	40.64

2004-05	38	-2	4	-76	39.01
2005-06	39	-3	9	-117	37.38
2006-07	40	-4	16	-160	35.75
2007-08	40	-5	25	-200	34.12
2008-09	41	0	0	0	42.27
2009-10	45	5	25	225	50.42
2010-11	52	4	16	208	48.79
2011-12	66	3	9	198	47.16
2012-13	68	2	4	136	45.53
Total	465		109	178	

Source: Primary data

From the above table, it is clear that the prices of mini size diaries show a fluctuating trend during the period under review, due to heavy competition. In the year 2003-04, the price of economic size diaries stood at ` . 36 per diary and in the year 2012-13, the price is `.68 per diary (Nearly two fold increase). In 2020, the estimated price trend value of diary is likely to be around ` . 81.

The Compound Growth results are shown in the following table:

**TABLE 6.8**  
**PRICE TREND FOR MINI SIZE DIARIES –**  
**COMPOUND GROWTH RATE**

Particulars	Trend values
a	42.27
b	1.63*
Correlation (r)	0.88
Adjusted R square	0.64
Compound Growth Rate	51.98

Source: Calculated data

\* indicates that the trend values are significant at 5% level

It is clear from the above table that the price trend of economic size diary has been increasing with `1.63 per diary. There is a high degree of positive correlation between actual price and estimated price trend values. The adjusted R square is 0.64 and the compound growth rate is 51.98 per diary per annum.

### 6.2.2d Price trend for large size diaries

The following table shows the price trend for large size diaries:

**TABLE 6.9**

**PRICE TREND FOR LARGE SIZE DIARIES**

<b>Year</b>	<b>Y</b>	<b>X</b>	<b>X<sup>2</sup></b>	<b>XY</b>	<b>Trend</b>
2003-04	70	-1	1	-70	83.86
2004-05	75	-2	4	-150	80.81
2005-06	80	-3	9	-240	77.76
2006-07	85	-4	16	-340	74.71
2007-08	88	-5	25	-440	71.66
2008-09	90	0	0	0	86.91
2009-10	96	5	25	480	102.16
2010-11	112	4	16	448	99.11
2011-12	124	3	9	372	96.06
2012-13	136	2	4	272	93.01

Total	956		109	332	
-------	-----	--	-----	-----	--

Source: Primary data

From the above table, it is clear that the prices of large size diaries show a up and down trend during the period under review, due to price fluctuation of factors of production. In the year 2003-04, the price of large size diaries stood at ` .70 per diary and in the year 2012-13, it is ` .136 per diary (Nearly two fold increase). In 2020, the estimated price trend value of diary is expected to be ` .157.

The Compound Growth results are shown in the following table:

**TABLE 6.10**  
**PRICE TREND FOR LARGE SIZE DIARIES**  
**COMPOUND GROWTH RATE**

Particulars	Trend values
a	86.91
b	3.05*
Correlation (r)	0.72
Adjusted R square	0.57

Compound Growth Rate	62.75
----------------------	-------

Source: Calculated data

\* indicates that the trend values are significant at 5% level

It is clear from the above table that the price trend of large size diary has been increasing with `3.05 per diary. There is a high degree of positive correlation between actual price and estimated price trend values. The adjusted R square is 0.57 and the compound growth rate is 62.75 per diary per annum.

### 6.2.2e Opinion of the diary Manufacturers regarding Pricing strategy

Table 6.11 spells out the pricing strategy adopted by the diary manufacturers.

**TABLE 6.11**

**PRICING STRATEGY**

Pricing strategy	No. of respondents	Percentage
------------------	--------------------	------------

Cost plus price	4	40
Fixed price	3	30
Competitive price	3	30
<b>Total</b>	<b>10</b>	<b>100</b>

Source: Primary data

Out of 10 respondents, 4 (40%) adopted cost plus price strategy, 3 (30%) applied fixed price strategy and another 3 (30%) followed competitive price strategy.

### **Margins fixed by the manufacturers**

Table 6.12 depicts the margins fixed by the manufacturers.

**TABLE 6.12**

### **MARGINS FIXED BY THE MANUFACTURERS**

<b>Margins (in %)</b>	<b>No. of respondents</b>	<b>Percentage</b>
Up to 5	2	20
5 to 10	5	50
Above 10	3	30
<b>Total</b>	<b>10</b>	<b>100</b>

Source: Primary data

Out of 10 respondents, 5 (50%) fixed 5 to 10 per cent as margins, 3 (30%) fixed above 10 per cent as margins and 2 (20%) fixed up to 5 per cent as margins.

### Problems faced by manufacturers in pricing

The pricing problems may be price fluctuation, higher cost of production, fall in demand and competitions. Table 6.13 explains the problems faced by manufacturers while fixing prices.

**TABLE 6.13**

#### **PROBLEMS FACED BY MANUFACTURERS IN PRICING**

Problems	Rank				Total
	I	II	III	IV	
Price fluctuation	3	2	3	2	<b>10</b>
Higher cost of production	1	3	4	2	<b>10</b>
Fall in demand	4	2	1	3	<b>10</b>
Competitions	2	3	2	3	<b>10</b>
Total	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	

Source: Primary data

Weighted ranking technique has been applied to analyse the problems faced by manufacturers while fixing price and the results are tabulated in Table 6.14.

**TABLE 6.14**

**PROBLEMS FACED BY MANUFACTURERS IN PRICING –  
WEIGHTED RANKING TECHNIQUE**

Problems	Rank				Total score	Mean score (100X/100)	Rank
	I	II	III	IV			
Price fluctuation	12	6	6	2	26	26	II
Higher cost of production	4	9	8	2	23	23	IV
Fall in demand	16	6	2	3	27	27	I
Competitions	8	9	4	3	24	24	III
Total					100		

Source: Primary data

Most of the respondents gave I rank to 'Fall in demand' with a mean score of 27 per cent followed by 'price fluctuation' obtained a II rank with a mean score of 26 per cent, 'Competitions' got III rank with a mean score 24 per cent and 'Higher cost of production' acquired IV rank with a mean score of 23 per cent.

### **6.2.3 Promotion**

Promotion is a form of communication with an additional element of persuasion to accept ideas, products and services and hence persuasive communication becomes the heart of promotion, the third element of marketing mix. In essence, promotion is the spark plug of one marketing mix and an important marketing strategy.

Promotion deals with both personal and impersonal persuasive communication about a product or service. Promotion is that element of the marketing mix, which communicates, informs, persuades, reminds and influences prospective customers in favour of the product or service by using different promotional tools like personal selling, advertising, sales promotion and publicity.

Following are some of the promotion related marketing strategies used by the diary manufacturers in Sivakasi:

#### **6.2.3.1 Personal selling**

Personal selling refers to oral face-to-face interaction or conversation between a sales representative and prospective customer for the purpose of making sales. As a marketing communication tool, personal selling is more effective in the trial stage of the purchase process. Due to seller buyer interaction personal selling alone can provide immediate feedback of information which enables a salesman to understand properly the buyer's mind, his problems, needs and preferences. Accordingly, the salesman can adjust his message i.e., his sales talk and sales presentation on the basis of the reaction of the prospect. It is said that if the problem of the prospect is well told, the goods become more than half sold. In Sivakasi, Lovely Offset Printers Private Limited has four branches at Sivakasi, Coimbatore, Madurai and Cochin to identify their prospect's needs and wants. Thereby, it can sell their products successfully.

#### **6.2.3.2 Advertisement**

Advertising is a major promotional tool. The real purpose of advertising is to sell something – a product, a service or merely an idea through effective communication. It is very useful to create maximum interest and offer adequate knowledge for the new product when the innovation is being introduced in the market. Advertising can enhance the morale of the salesmen and dealers thereby securing enthusiastic distribution of

products. Advertising is also employed to promote the bright image of the firm in the society. Large scale diary manufacturers in Sivakasi who produce more than 30 varieties go for news paper advertisement especially in the month of September/October about their innovative diary products.

#### **6.2.3.3 Exclusive show rooms**

Generally, the showroom idea is used as a tool of distribution. Currently in the face of growing competition, a number of consumer durable companies are opening exclusive showrooms as powerful means of sales promotion to boost their sales. Exclusivity plays the role of unique selling proposition to increase the sales. A very great advantage the exclusive show rooms offer to a company is the ability to impress the consumer with the whole range of its products.

#### **6.2.3.4 Online marketing**

Marketers have realized the potential of a new cost effective marketing and advertising space – the internet. The internet can be an effective tool for brand marketers through two primary ways, *i.e.*, rapid sales and cost effectiveness. Diary manufacturers in Sivakasi namely Srinivas Fine Arts, Lovely Offset Printers, Sutharson Offset Printers, Cornation Fine Arts, Orient Color Art Printers have their own website address in the internet. Home pages explain about the unit, diary varieties with colourful diary pictures, diary inners, cover page with colourful pictures with vivid explanations. Web sites also provide contact address. The internet offers one of the most important avenues for marketers to get people to talk about their products and review them.

### 6.2.3.5 Duration for collecting the credit sales

Table 6.15 presents the data regarding duration for collecting the credit sales.

**TABLE 6.15**  
**DURATION FOR COLLECTING THE CREDIT SALES**

<b>Duration</b>	<b>No. of respondents</b>	<b>Percentage</b>
Half a month	1	10
One month	6	60
Two months	3	30
<b>Total</b>	<b>10</b>	<b>100</b>

Source: Primary data

Out of 10 respondents, 6 (60%) collected the credit sales within a period of one month, 3 (30%) collected the credit sales within a period of two months and 1 (10%) collected the credit sales within a period of half month.

### 6.2.3.6 Tactics followed for accelerating payment for credit sales

Table 6.16 explains the tactics followed for accelerating payment for credit sales.

**TABLE 6.16**  
**TACTICS FOLLOWED FOR ACCELERATING PAYMENT**  
**FOR CREDIT SALES**

<b>Tactics</b>	<b>No. of respondents</b>	<b>Percentage</b>
Contacting the customers directly	3	30
Contacting the customers through sub agents	5	50
Sending reminders	2	20
<b>Total</b>	<b>10</b>	<b>100</b>

Source: Primary data

Out of 10 respondents 5 (50%) contact the customers through sub agents, 3 (30%) contact the customers directly and 2 (20%) send reminders.

#### **6.2.4 Physical distribution of diaries**

Channels of distribution are mainly concerned with the physical distribution of goods and services. They also help to enhance promotion and selling and import marketing controls. It is the distribution network through which a producer puts his products in the hands of the actual user. It is the set of marketing institutions or intermediaries who participate in distribution of goods and services from the point of production to the point of consumption.

To know and understand the marketing channels of distribution of diaries produced in Sivakasi, the diary manufacturers are contacted and information is collected through personal interview techniques. Based on that information, a general

idea of marketing channels of distribution in respect of diaries marketed by diary manufacturers in Sivakasi is presented in this chapter. The survey clearly reveals that only few quantity of diaries *i.e.*, nearly 5, 00,000 diaries which are produced in Sivakasi are used by local consumers and most of the production goes to other districts in Tamilnadu. Diaries which are produced in Sivakasi are also distributed to other states namely Andhra Pradesh, Karnataka, Kerala, Maharashtra, Gujarat and so on. Only few diary manufacturers *i.e.*, Srinivas Fine Arts, Lovely Offset Printers Private Ltd., Sutharsan Offset Printers, Diamond Hill Printograph export diaries to foreign countries namely UK, US, South Africa etc. Specially, Srinivas Fine Arts has query center throughout India and abroad.

As per the survey, Sivakasi diary manufacturers sell 5% of their total production through retail sale and the rest by wholesale. And also, diary manufacturers in Sivakasi wholly depend on the commission agents only. In the distribution channel, the middleman is the intermediary as a connecting link between the manufacturers and the ultimate consumers.

#### **6.2.4.1 Important channels in diary distribution**

Distribution channel is an important element of the marketing mix of a firm and other elements are closely interrelated with and inter dependent on the channel of distribution. Therefore, choice of channel influences other marketing decisions like pricing, promotion and physical distribution. A mistake in the choice of channel may affect adversely the whole marketing mix of the firm.

The cost involved in the use of distribution channel enters the price of the product that the ultimate consumer has to pay. Due to a wrong decisions regarding channel, distribution cost may be very high and sales might be very limited. On the other hand, a sound channel decision enables the firm to cut down costs and maximize sales revenue. Thus channel influences sales volume and profits.

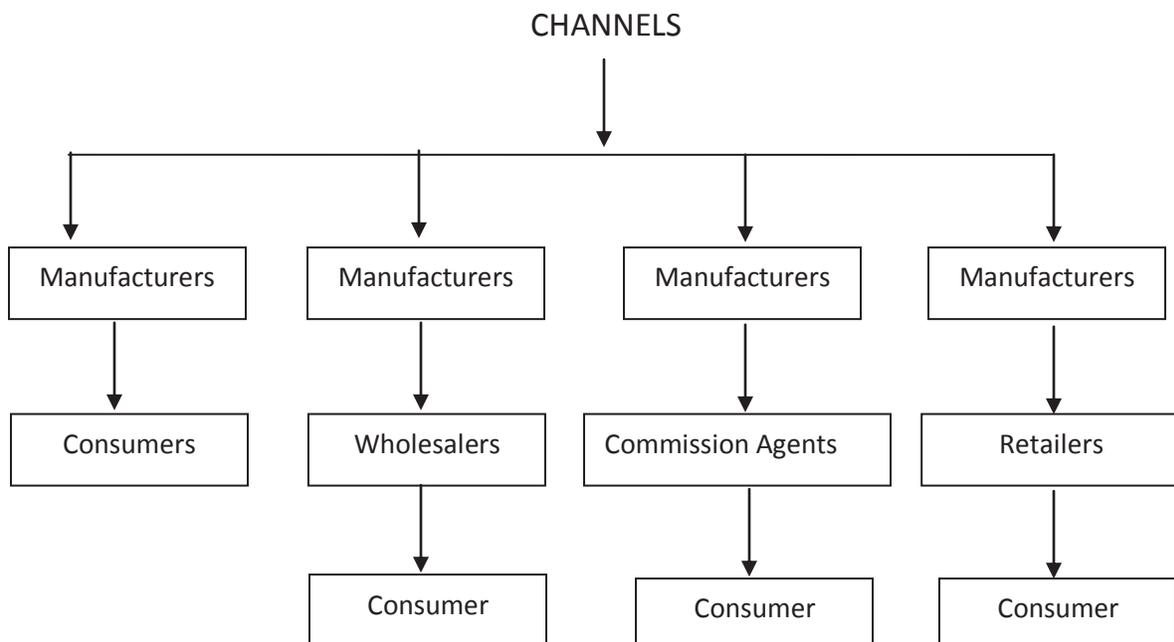
A product or service is really useful to consumers only when it is available at the right time and place. The channel decision determines where and when the producer will be available to ultimate consumers or users.

The choice of marketing channel involves long term commitment of the firm. The relations between the manufacturer and the middlemen depend largely upon the choice of appropriate channel of distribution. Charges in the channel are very difficult and costly.

Since dairy production is seasonal, dairy producers select the marketing channel very carefully. The most fundamental factor for channel choice and channel management is economic criteria viz., cost and profit criteria. The channel options adopted by dairy producers in Sivakasi are illustrated in Figure 6.1.

**Figure 6.1**

**CHANNEL OPTIONS FOLLOWED IN SIVAKASI**



The following are the various alternative channels identified in the distribution of diaries in Sivakasi.

#### **6.2.4.1a Manufacturer-consumers (Direct channel)**

In Sivakasi, there are many popular well established producers of diaries. Diary printers have more than 20 years of experience in their printing services. They receive orders from all around the globe through mail. Through mail order selling, they directly sell diaries to LIC, Thirupathi Devasdhanam and to other ultimate customers. This is a shortest channel a product can follow to the market.

#### **6.2.4.1b Manufacturer–Commission agent – Wholesaler-Retailer – Consumer channel**

In this channel, the diary manufacturers in Sivakasi use the service of an agent middleman such as sole selling agent for the initial dispersion of goods. The commission agent procures orders from other districts in Tamil Nadu and also from other States in India. The agent in turn distributes the diaries to wholesalers, who in turn sell the diaries to retailers. In Sivakasi, 80% of the diary manufacturers depend on agent middlemen only. An agent middleman receives commission on sales from the diary producers.

#### **6.2.4.1c Manufacturer – Wholesaler - Retailer – Consumer channel**

This is a normal, regular and popular option used in many consumer goods distribution. It is suitable for a diary producer when (i) producer has a narrow product line (ii) producer has limited finance (iii) wholesalers are specialized and can provide strong promotional support (iv) products are durable and not subject to physical deterioration or fashion changes.

#### **6.2.4.1d Manufacturer - Retailer – Ultimate consumer**

This channel option is preferable to the diary producers when speed in distribution is essential. Diary is a seasonal product. The product should be in the hands of the consumers within January. Hence, diary producers need the speed distribution to its consumers. At that time, they depend on retailers. However, the diary manufacturers have to perform functions of a wholesaler such as storage, transport, financing *etc.* Sometimes, diary manufacturers select the retailers as their stockist.

#### **6.2.4.1e Manufacturer - wholesaler – Consumer/user**

Wholesaler may by-pass retailer when the large and institutional buyers are available for diaries. In Sivakasi, businessmen need diaries for distributing it as compliment. Schools or educational institutions need student diaries. Government, industries, institutional buyers, businessmen, professionals, consumer co-operatives, associations, hospitals and educational institutions place orders through wholesalers.

### **6.3 SUMMARY**

Diary manufacturers in Sivakasi market only few quantity of diaries *i.e.*, nearly 5, 00,000 diaries to local consumers and most of the production goes to other districts in Tamil Nadu. Diaries which are produced in Sivakasi are also distributed to other states namely Andhra Pradesh, Karnataka, Kerala, Maharashtra, Gujarat and so on. Only few diary manufacturers *i.e.*, Srinivas Fine Arts, Lovely Offset Printers Private Ltd., Majestic Printers, Diamond Hill Printograph export diaries to foreign countries namely UK, US, South Africa *etc.* Therefore, channels of distribution play a vital role in marketing the diaries throughout the country. Similarly the marketing cost varies from one firm to another depending upon the nature of the company, product features, type of channel selected by them, sales promotional methods adopted *etc.*