CHAPTER-14

CONCLUSIONS, FINDINGS AND RECOMMENDATION

• CONCLUSIONS
• FINDINGS AND RECOMMENDATION
CONCLUSIONS, FINDINGS AND RECOMMENDATION

CONCLUSIONS

A distribution channel is defined as a series of intermediaries which pass the product downwards the chain to the organization that is next; this is before reaching the consumer. This is called the channel or distribution chain. Moreover, each of these of the elements has their own needs, so the producer must consider along with those of the consumer. There are two types of distribution channels: direct and indirect. In a direct marketing distribution channel, the marketer or a company sells their product directly to the customer. The use of the Internet has helped a lot in making the use of direct channels a success. Moreover, companies can cut down costs by using this type of distribution channel. There are no other parties in between involved in distributing the product. When a sale takes place, there are methods of communication that are involved. Firstly, direct marketing systems, which involves the consumer placing their order through information obtained from contact with the company that is non-personal. This includes means like the marketers catalog or website. Secondly, there is direct retail system which exists when a marketer operates retail outlets of their own. Thirdly, there are personal selling systems which involve salesperson in the distribution process. They persuade the consumer to place an order. So, the salesperson ends up playing a role in generation of the sales. Lastly, there are the assisted marketing systems, which involves the marketer having to rely on others in communicating their product but the distribution is done by them.

On the other hand, indirect distribution has the marketer or company reaching the customer with help from others. They do not sell directly to the customers. There are resellers involved who may own the product. The intermediaries may have many responsibilities attached to them in helping sell the product. Indirect methods that could be used are, firstly, the single-party selling system. It involves the marketer engaging with another party who will sell or distribute the product to the customer directly. It is also called trade sell system. Secondly, there is multiple-party selling system. In this, the product passes through many distributors before its final destination. For example, the manufacturer sells to a wholesaler who then sells to retailers. Indirect selling is cheap and simple while the direct one is more expensive. However, a company has more control in control in direct distribution.

A marketing channel acts as a differentiating factor and provides businesses with a competitive advantage. Marketing channels comprise several individuals and interdependent organizations that facilitate the process of making a product or service available to end users. Marketing channels have evolved over time, from being production-oriented to customer-centric. The evolution of marketing channels has primarily been a response to changes taking place in businesses due to the environment.
In general term channel of distribution is the system developed or designed by the producer to transfer goods from place of production to the market. It is the means of getting product to the target market. The system makes goods available to the consumers. Goods are produced at the factory and consumers are at the market. Marketing channels make the product available to the customers. It is the system developed by the producers to sell the product. This system facilitates the exchange process. Distribution channel overcomes the major time, place, and possession gaps that separate goods and services from those who would use them.

Distribution system creates:
- Time utility
- Place utility
- Ownership utility

Through this system the products move from producers/sellers to consumers. Marketing channels ensure the smooth flow of products between channel members. It is a system of interdependent organizations that facilitate the transfer of ownership as products move from producers to buyers. In the process, marketing channel witnesses eight basic types of flows. These are flow of possession, ownership, promotion, negotiation, financial, risk, ordering and payment. Each flow is associated with certain costs. It is a system that makes the product available to target consumer. Therefore, it is necessary that marketing channels be designed to eliminate redundancy of flows.

Channel of distribution is made of channel members and non-channel members. Some of them are in merchandize function and others are not. It also includes physical transport systems.

1. Channel members: directly involve in buying and selling of our goods. They take the ownership of our products and sell or facilitate the exchange of ownership to the buyers. Their image, goodwill will add value to the product. They can be classified as:
   - Merchant Channel Members: Take the responsibility, own the product. They take title of goods and resale. They buy our products and sale to the buyers. They create value and generate income. They are Whole sellers and retailers, departmental stores, etc.
   - Functional Channel Members: These types of channel members do not hold our product. Functional middlemen do not take title of the product, responsibility, value add but do only sales. They are sales agents reservation system, brokers, etc.

2. Non-channel Members: are the channel participants such as advertising agencies and transportation firms do not perform negotiating functions and belong to the ancillary structure of the marketing channel.

3. Physical Distribution System: supports physical transport of our goods. The system includes warehousing, store, inventory control and transport system.

4. Informal Channel Members: Formal channel members are created by the marketer, which is within the organizational set up and are controllable. But hotel industry includes non-formal channel members also. They are not created but they help you. They support your business. They are government and their foreign embassies, travel writers, news
papers, journalists, NTO, etc. Knowingly or unknowingly they are supporting us. We cannot control them directly but can manipulate them. Our marketing efficiency is to maintain good relation with these channel members as they create strong trust among the customers.

Channel members play a dominant role in moving products across the marketing channel. They facilitate the search process of buyers and sellers. They also perform the role of sorting, making transactions routine and contractual efficiency. Depending on the number of intermediaries required at each level, the three major choices of distribution available to producers are: intensive distribution, exclusive distribution and selective distribution. Besides distribution of products, channel members also participate in the distribution of services.

In addition, marketing channels perform several functions. This involves all activities that facilitate the flow of products from the manufacturer to the end user.

As the product moves through different stages, different members in the distribution channel perform the functions of exchange, logistics and other supporting functions. Marketing channels perform the function of facilitating the exchange process, alleviating discrepancies, standardizing transactions, matching buyers and sellers, and providing customer service.

Designing an appropriate marketing channel is crucial to the success of a business. The channel design has to be meticulously planned taking into consideration the channel functions and other strategic business objectives. The most important elements in channel design are channel structure, channel intensity and the type of intermediaries at each level. Designing of the distribution channels deals with those decisions that are associated with forming a new distribution channel or modifying an existing one. While designing a channel, marketers need to take into consideration the utility that the channel needs to serve. The four types of utility that marketing channels can serve include lot size utility, convenience utility, selection utility and service utility. A firm's selection of a specific channel for distribution of its products or services depends on three criteria – economic, control and adaptive. Management of marketing channels involves several issues such as channel member selection, their training, motivation and evaluation, modifying channel arrangement, and legal and ethical issues like dual distribution, exclusive dealing agreement, refusal to deal, restricted sales territories and dealer's rights.

Channel dynamics involves the study of the impact of environmental forces such as economic, legal, political, social, technological and competitive forces on marketing channels. In order to reduce costs, achieve economies of scale, stabilize supplies, achieve coordination among themselves and overcome conflicts, the various channel members need to integrate their functions under the directions of a channel leader, either horizontally or vertically. This gives rise to the horizontal marketing system and vertical marketing systems. A horizontal marketing system is the process of sharing resources amongst two or more unrelated businesses at the same level of operations to attain common benefits. The vertical marketing system (VMS) is a process in which producers, wholesalers and retailers perform the marketing activities jointly. The various types of vertical marketing systems are corporate, administered and contractual vertical marketing system. Contractual vertical marketing systems are again of three types - retailer-sponsored cooperative organizations,
wholesaler sponsored voluntary organizations and franchise organizations.

Multichannel marketing is where a single firm uses two or more marketing channels to reach one or more market segments. This process is also known as 'dual distribution.' Although additional channels increase the market coverage of the firm, they also result in greater conflict between the channel members, especially if the members are vying for the same market segments.

Conflicts arise between marketing channel members when one member of the marketing channel thinks that another member is preventing or impeding it from achieving its marketing goals. Channel conflicts can be of three types – vertical, horizontal, and multichannel conflicts. Conflicts may arise due to various reasons such as a difference in the aim of producer and channel members, lack of clearly defined roles and responsibilities and both manufacturer and channel members fighting for the same market. The various methods for solving and managing conflicts include negotiation, problem-solving strategies, persuasive mechanisms, legalistic strategies, and climate management. Obtaining the cooperation and coordination of the channel members helps firms leverage their limited resources to achieve organizational objectives through the combined efforts of the channel members.

MULTIPLE CHANNELS OF DISTRIBUTION
For many products and services, their manufacturers or providers use multiple channels of distribution. A personal computer, for example, might be bought directly from the manufacturer, either over the telephone, direct mail, or 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, and 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, creating 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.

Tiers
Distribution systems are said to have tiers or levels, the number of tiers being defined by the middleman between the original seller and the ultimate buyer. A single-tier system involves a single intermediary seller, namely the retailer. A two-tier system will have a
distributor/wholesaler plus a retailer. More tiers may be present. Imported goods, for instance, may be channeled first through an importer. In some industries smaller wholesalers (jobbers) may be involved as secondary distributors between a major wholesaler and a large number of retailers. Some manufacturers sell directly to customers. This may be viewed as a "tier-less" distribution channel; more correctly the manufacturer simply acts as its own retailer: the retail function is simply kept in-house. Competitive pressures limit the number of tiers possible because every level must be compensated and has its own margin (in effect its own "tax") on the transaction. Hierarchical distribution may be necessitated by capital intensity (manufacturers needing to share the burden of capitalizing the distribution system), by remoteness and distance (producers cannot reach every corner of their market), by technical service requirements (manufacturers need dealers to service technical goods and do not wish to establish hundreds of wholly-owned operations), and other factors.

**Differentiation by Customer**
Distribution channels typically service either the consumer or an industrial/institutional client. Industrial/institutional distribution is frequently highly adapted to specific branches. On the whole industrial distribution activity is less marked by hype and much more technical and price-oriented; the impulse buying element is eliminated by professional purchasing functions; at the same time, occasionally industrial sales produce corruption and kickback scandals because very large transactions are frequently the rule.

**Differentiation by Technology**
A subset of industrial distribution is technological differentiation marked by the employment of sales engineers on the one side and highly skilled technical buyers on the other. The vast spread of computer use in every institution, for example, produced a brand new category of intermediaries, the so-called VARs or value-added resellers, sometimes called integrators. These organizations came into existence as independent entities because the complexity of adapting computer systems and networks into the operations of a buying establishment require many complex skills in the absence of which no product could actually be sold. Very few producers of computers or peripherals are able (never mind willing) to master the intricacies of competing products in order to sell their own. The VARs took on this challenge. The emergence of VARs is an excellent example of the manner in which products and services shape and transform distribution channels.

**Recurring Trends**
In the cyclical relationship between the original producer and the "channel," the existence of a distribution "margin" produces recurring attempts by both sides to capture more of that margin by down- or upward integration or by cutting out the middleman. Producers frequently attempt to eliminate distributors by establishing a wholly-owned "branch" structure—making themselves distributors. Distributors, in turn, attempt to buy manufacturing operations so that they come to own the products that they sell. A similarly recurring trend is to eliminate the retailer by "selling at wholesale" in large, bare discount operations—usually somewhat below the retail level but not quite at the wholesale price. Yet another perennial is represented by the well-established machinery seller who distributes through "servicing dealers" and who, thinking of having it both ways, suddenly shifts a large part of his or her sales to a big discount house that does not offer services. The
dealer channel will find itself undersold and burdened by new service business which is not subsidized by original equipment sales. The reaction is usually violent, eventually forcing the producer to abandon discount sales. An intermediate position is presented by powerful retailers who offer their customers "home brands" cheaper; these, typically, are of a lower quality than branded merchandise. Such recurring gyrations are accompanied by the ever new (but ancient) practice of starting up membership stores where customers pay a fee to have access to lower prices; eventually membership becomes ever cheaper; in due time no check of membership is made.

FINDINGS & RECOMMENDATION

These are some findings which I got through this research...

➤ What is a channel of distribution?

The channel of distribution is the network of institutions that perform a verity of interrelated and coordinating functions in the movement of goods from producers to consumers.
The distribution system involves many process. It is the movement of goods from manufacturers to the end consumers. Many parties are involved in the distribution system. Main parties are (1) Manufactures or producers (2) Distributes (3) Facilitating agencies (4) Consumers.
Manufactures produce the goods. It could be manufacturing goods in a factory or other goods which are produced in the farm like grains and fruits. Distributors distribute the goods to the consumers. They are also called intermediaries. They identify the demand and source of goods. They directly negotiate between the producer and consumers. They also does certain other functions like buying, selling, Packing, Packaging, assembling, grading, risk bearing etc. Facilitating agencies are the agencies who facilitate the transfer of goods from producers to the consumers. Insurance companies, Banking institutions, Warehousing agencies, Transport companies are some of the examples of facilitating agencies. Consumers are the end users of the product. They are the last participants in the distribution system.
A Channel of distribution is mainly concerned with the middle men who assist the producers to distribute the good to the consumers. Many companies does not deal with the end users. They use middle men to distribute the goods. These middlemen take the title of the goods and transfer it to the consumer. Some other causes they assist the producer to transfer the title of goods to the consumers. Channel of Distribution mainly concerned with the transfer of title from the producers to the consumers directly or through a chain of intermediates as most producers do not sell goods directly to the consumers.

➤ What is a marketing distribution channel? What is the relationship between channels of distribution and logistics? How does geographical location affect your selection of distribution channels?
A distribution channel is a way of selling a company’s product either directly or via distributors; "possible distribution channels are wholesalers or small retailers or retail chains or direct mailers or your own stores" Distribution affects the place or path through which consumers can buy and receive the product. A distribution channel may be an on-site store, a virtual store, a retailer, a wholesaler, an agent, a telemarketer, or direct mail. The relationship between distribution and logistics is conceived as a breakeven point at which goods/services/ideas and persons can be conveyed from the place of production to the society/final consumers/customers; through many means of communication such as the use of mobile phones, the internet, and other communication pipelines. many modes of transportation are used to move the items: trucks are used as a means of transporting products to a storage warehouse for safety, to avoid theft, and exposure in certain climates.

Why are Marketing Channels Needed?

Regardless of how well it is designed, promoted, and priced, a product cannot satisfy target customers if it is not available to them. Distribution gets the product to customers where and when they want it. A marketing channel is the series of interdependent firms that facilitate transfer of title to a product as it moves from producer to final buyer. (It is also called a channel of distribution and a distribution channel.) An example is a canned-foods producer who sells to wholesalers who resell to retailers who resell to customers.

In bringing their products to market, producers often entrust some of their selling tasks to intermediaries. An intermediary is a person or firm in a marketing channel, such as a wholesaler or retailer that operates between the producer and the final buyer of a product. (This person or firm is also called a reseller and a middleman.) Intermediaries specialize in buying and selling but may also perform other marketing functions, such as financing, supplying market information, and storing.

All marketing channels have a producer and a final buyer. When a producer sells directly to the final buyer, the producer or the buyer performs the marketing functions without help from intermediaries. When intermediaries are present, they, the producer, and the final buyers constitute the marketing channel. All are channel members.

The marketing functions can be shifted and shared among channel members but cannot be eliminated. Intermediaries, however, may be eliminated from a channel. By performing marketing functions, channel members create time, place, and possession utility.

Channel members often use facilitating intermediaries. Facilitating intermediaries are persons or firms outside the marketing channel that may assist channel members in performing some marketing functions. Banks, marketing research firms, and trucking firms are examples.

In the absence of the intermediary, each producer must deal directly with each customer. This involves a number of contacts. The presence of the intermediary requires each producer to deal directly with only the intermediary, for a less contacts. Marketing channels therefore improve exchange efficiency.

Marketing channels also help match supply and demand. They correct for the quantity and assortment differences that exist between producers and final buyers. For example, producers of canned foods want to supply canned corn and canned beans by the truckload. But consumers want to buy one or two cans at a time. The quantity difference is corrected if producers sell in truckloads to wholesalers, wholesalers sell in caseloads to supermarkets, and supermarkets sell one or two cans at a time to consumers.
The assortment difference is also corrected in the channel. A producer of canned foods supplies only a small portion of the assortment of products consumers want when they go grocery shopping. The supermarket brings together the product assortment its customers want. It buys products from wholesalers, who bought a wide assortment of products from many producers.

➤ Explain why companies use distribution channels and discuss the functions that these channels perform?

Most producers use intermediaries to bring their products to market. They try to forge a distribution channel—a set of interdependent organizations involved in the process of making a product or service available for use or consumption by the consumer or business user. Through their contacts, experience, specialization, and scale of operation, intermediaries usually offer the firm more than it can achieve on its own. Distribution channels perform many key functions. Some help complete transactions by gathering and distributing information needed for planning and aiding exchange; by developing and spreading persuasive communications about an offer; by performing contact work—finding and communicating with prospective buyers; by matching—shaping and fitting the offer to the buyer’s needs; and by entering into negotiation to reach an agreement on price and other terms of the offer so that ownership can be transferred. Other functions help to fulfill the completed transactions by offering physical distribution—transporting and storing goods; financing—acquiring and using funds to cover the costs of the channel work; and risk taking—assuming the risks of carrying out the channel work.

➤ Why Manufacturer use indirect channel?

From an operational stand point, a marketing channel is the path a product or service takes as it moves from the manufacturer to its end user or consumer. If the Manufacturer selected a Direct channel, it hired a sales force to get the production the shelves or into the hands of consumers. In the 1950s, for example, the only way to buy an IBM typewriter was to order one from IBM salespeople who called an office. If the manufacturer was too small to hire a proprietary sales force, it opted for an indirect channel and hired a distributor to sell to end users. In the 1950s, sales agents, not employees, invited housewives to parties to purchase Tupperware products. Tupperware sales agents and their parties was their Indirect channel.

As time passed, the path between manufacturer and end user developed a thousand twists and turns. In fact, today it is less like a path and more like a wheel, with the manufacturer at the “hub” connected to the end user at the “tire” by dozens of direct and indirect channel “spokes”

![Diagram of Marketing Channels of Distribution]

MANUFACTURER

MARKETING CHANNELS OF DISTRIBUTION

EVENTUAL

END USER/CONSUMER
The traditional, direct sales route offers a number of advantages to the manufacturer. For one thing, the manufacturer controls its sales force. The manufacturer's management can tell its salespersons where to sell, what to sell and how much to charge. Management can dictate activities that support the company image. And of course, the sales force is completely committed to its employer. It sales the manufacturer's products and no one else's.

But a direct employed sales force is not appropriate for every company and certainly is not appropriate for every stage in a company's evolution. A small company may not be able to afford its own sales force. It may need to utilize indirect channel until its sales and profit performance improve enough to afford the fixed expenses of a direct sales force in the field. In addition, it would be unprofitable to have your direct sales people spend time on smaller customers. Indirect channels of distribution can afford to engage the smaller customer by selling many other manufacturers' product lines to that same customer group. By doing so, they spread the same cost of sales over several product lines.

Manufacturers also use indirect channels because they save money. After all, distribution is a cost transfer business. By using distribution channels, the manufacturer can transfer some of the costs of doing business to distributors and resellers. Marketing costs are most typical transferred down through the channels.

➢ Discuss how channel members interact and how they organize to perform the work of the channel?

The channel will be most effective when each member is assigned the tasks it can do best. Ideally, because the success of individual channel members depends on overall channel success, all channel firms should work together smoothly. They should understand and accept their roles, coordinate their goals and activities, and cooperate to attain overall channel goals. By cooperating, they can more effectively sense, serve, and satisfy the target market. In a large company, the formal organization structure assigns roles and provides needed leadership. But in a distribution channel made up of independent firms, leadership and power are not formally set. Traditionally, distribution channels have lacked the leadership needed to assign roles and manage conflict. In recent years, however, new types of channel organizations have appeared that provide stronger leadership and improved performance.

➢ Identify the major channel alternatives open to a company.

Each firm identifies alternative ways to reach its market. Available means vary from direct selling to using one, two, three, or more intermediary channel levels. Marketing channels face continuous and sometimes dramatic change. Three of the most important trends are the growth of vertical, horizontal, and hybrid marketing systems. These trends affect channel cooperation, conflict, and competition. Channel design begins with assessing customer channel-service needs and company channel objectives and constraints. The company then identifies the major channel alternatives in terms of the types of intermediaries, the number of intermediaries, and the channel responsibilities of each. Each channel alternative must be evaluated according to economic, control, and adaptive criteria. Channel management calls for selecting qualified intermediaries and motivating them. Individual channel members must be evaluated regularly.
Discuss the nature and importance of physical distribution.

Just as firms are giving the marketing concept increased recognition, more business firms are paying attention to the physical distribution, or marketing logistics. Logistics is an area of potentially high cost savings and improved customer satisfaction. Marketing logistics involves coordinating the activities of the entire supply chain to deliver maximum value to customers. No logistics system can both maximize customer service and minimize distribution costs. Instead, the goal of logistics management is to provide a targeted level of service at the least cost. The major logistics functions include order processing, warehousing, inventory management, and transportation.

Analyze integrated logistics, including how it may be achieved and its benefits to the company.

The integrated logistics concept recognizes that improved logistics requires teamwork in the form of close working relationships across functional areas inside the company and across various organizations in the supply chain. Companies can achieve logistics harmony among functions by creating cross-functional logistics teams, integrative supply manager positions, and senior-level logistics executives with cross-functional authority. Channel partnerships can take the form of cross-company teams, shared projects, and information-sharing systems. Through such partnerships, many companies have switched from anticipatory-based distribution systems to customer-triggered response-based distribution systems. Today, some companies are outsourcing their logistics functions to third-party logistics providers to save costs, increase efficiency, and gain faster and more effective access to global markets.

What is a final consumer?

A final consumer is the last point in the distribution channel, which is a term that is used to describe the various routes a product or service will follow before it gets to its ultimate consumer. Sometimes the distribution channel to the final consumer is very short, while at other times it may be a more complicated and drawn-out affair. The definition of a final consumer includes both human beings and other non-living entities like companies. A final consumer is differentiated from other types of intermediaries between the producer of the goods and that consumer by the fact the consumer is purchasing the good for his or her own consumption. A short distribution route from the producer or the manufacturer of a product to the final consumer means that the process is very brief and direct. An example of such a short route can be seen in the case of a person who goes to a restaurant to eat. If the person orders filet mignon, then the restaurant is the producer, while the individual is the final consumer. On the other hand, if a grocery store orders some ready-made filet mignon from the restaurant to sell to its customers, then the grocery store is an intermediary between the producers and the final consumers.
The future—

The biggest development in channel management in the future lies in the use of electronic commerce and traditional intermediaries will either disappear or reinvent themselves and a number of anticipated impacts will arise from the new channels. Distribution channels have traditionally been monolithic; most firms in an industry used the same approach. In a stable situation, a strategy of following the others is simple to conceive and implement. However, few industries still have this simplicity. Both new entrants and existing firms are experimenting with new sales and distribution approaches in order to create competitive advantage. The framework of activities and their costs provides a strategic perspective on the sales and distribution process, helping manufacturers understand and adapt to their changing environment.

To reach a target market, the marketer uses three kinds of marketing channels. The marketer uses communication channels to deliver and receive messages from target buyers. They include newspapers, magazines, radio, television, mail, telephone, billboards, posters, fliers, CDs, audiotapes, and the Internet. Beyond these, communications are conveyed by facial expressions and clothing, the look of retail stores, and many other media. Marketers are increasingly adding dialogue channels (e-mail and toll-free numbers) to counterbalance the more normal monologue channels (such as ads). The marketer uses distribution channels to display or deliver the physical product or service(s) to the buyer or user. There are physical distribution channels and service distribution channels. They include warehouses, transportation vehicles, and various trade channels such as distributors, wholesalers, and retailers. The marketer also uses selling channels to effect transactions with potential buyers. Selling channels include not only the distributors and retailers but also the banks and insurance companies that facilitate transactions. Marketers clearly face a design problem in choosing the best mix of communication, distribution, and selling channels for their offerings.

These steps should be involved in designing the channel system:

- Formulating the channel objectives
- Identifying the functions to be performed by the channel
- Analyzing the product and linking the channel design to the product characteristics
- Evaluating the distribution environment including legal aspects
- Evaluating competitive channel design
- Evaluating company resources and matching the channel design to the resources
- Generating alternatives design evaluating them and selecting the one that suits the firm best.

HYBRID DISTRIBUTION CHANNELS— THE FUTURE OF DISTRIBUTION CHANNELS IN INDIA

Distribution or Place is the fourth traditional element of marketing mix. The other three are Product, Price and Promotion. Distribution acts as a bridge between customer and manufacturer. Most business use third parties or intermediaries to bring their products to market. They try to forge a Distribution channel. Even though intermediaries mean losing partial control, it might increase efficiency of Distribution costs. Distribution is all about getting the product/service to the right people at the right time with special consideration.
for profit and effectiveness. When a product/service is purchased by a consumer, it may have been bought directly from the business (Direct Distribution), or it may have been through a number of intermediaries like wholesaler, retailer, etc (Indirect Distribution). These are known as Distribution channels. Channel selection and deployment is one of the most critical issues faced by marketers today. Hybrid Distribution systems are characterized by the existence of multiple distribution channel systems, belonging to the same entity and created to deliver products/service to one or several market segments. Hybrid marketing channels talk from the point where producers sell their products through several methods: both through mediators and directly to consumers through personal effort.

The name ‘Hybrid Distribution Channel’ was coined by Moriarty and Moran (1990) and Stern(1996). Other name for Hybrid Distribution is Multiple Distribution Channel. Mainly in industry, banking, mass-media and music where a considerable part of the production could have a digital format, the new electronic Distribution channels are combined with the traditional channels resulting in fundamental changes in the structure of marketing channels. Hybrid Distribution recognizes that users are not brand loyalists. They have their own choice of activity which they like to experience. Brands will need to have a two tiered strategy for reaching even the scattered yet profitable targeted audiences by their Distribution reach. With a Hybrid Distribution model companies do what it can to attract core users as well as other targeted users through these additional Distribution channels. With the advent of internet, the strategy for Distribution has changed. Internet provides a new channel to reach any prospect, anywhere in the world. The effect of using internet will need to be understood on case basis and used wisely.

INTERNET

The internet is a rapidly growing sales channel. Search engines, E-portals, and the supplier’s website create the option for fast, easy, and cheap order products as well as distribute information and educate. Internet can often be successfully combined with direct sales. For new customers and new purchases direct sales can be used to make sure the customer’s needs are satisfied and a relationship with the customer is established. For straight re-buys and standard products, the internet is a very efficient sales channel. A negative aspect in referring customers to the internet is the loss of personal contact, which leads to the risk of losing important relationships and information.

MARKETING DISTRIBUTION CHANNELS RELATED WITH CONSUMER GOODS

We got by this research that Marketing channels pose a Kaleidoscopic variety and marketing intermediaries are of countless types, the simplest form of marketing channel is the one where the product is taken to the consumer with just one tier of intermediaries in between and which uses just one type of intermediaries. The more complex forms involve two or more tiers and two or more types of intermediaries.

The producers of consumer goods may select one of the following kinds of channels of distribution of their goods:
1. When the producer wants to make use of a long medium for making his goods available to the consumers he hands over the goods to sole selling agent who sends it to wholesaler and then the wholesaler sells the goods to the retailers. The retailer being the last medium in distribution line sells the goods to the consumer. This kind of distribution is mainly popular in India.

2. When the producer wants to make use of not much longer medium, he first sells the goods to wholesaler and then the wholesaler sells them to retailer and he then sells them to consumer. This is an old and traditional way of distribution. This method is most suitable for small scale manufacturers. This method is generally used in sale of agricultural goods.

3. When the manufacturer desires to make his goods available to consumer fast, he sells “the goods directly to retailer and he sells them to consumer.” This method is applied by firms like Raymond’s and O.C.M.

4. When the producer wants to sell the goods directly to consumer, he uses the direct distribution method. For this purpose following outlets are used:
   1. Own shops 2. Own salesmen 3. By mail 4. Tele orders 5. Through machines

5. When the producer uses a single medium for distribution, he sells goods to his agent representative and he sells them to consumer directly. The representative agent performs all such functions which a retailer is supposed to do.

OUTCOME OF THE PRESENT STUDY

This study is suitable to use to analyze and explain processes, and to research situations when the key factors influencing a situation not are known from the beginning. This study is generally used to describe a current situation. The incentives to use a case study are strongest when the questions like how and when are asked about a situation over which the researcher has little or no control.

The purpose of the thesis is to identify and suggest potential distribution channels. The focus is to get a good understanding of distribution channels and to answer questions that I have little or no control over. Considering these circumstances, this study is a suitable which suggest the use of a study.

THE PURPOSE OF THIS RESEARCH

Research can be classified by the purpose of the research. The six most common types of research are: Exploratory, describing, diagnostic, explaining, evaluating, and predictable.

• The purpose of an exploratory survey is to give basic knowledge and understanding of a subject. This research shows the meaning and mutual understanding of distribution channels. The research is mainly conducted to provide the fundamentals for further investigations.
• Describing research is made to describe a specific situation.
• A diagnostic approach is used to clarify facts in a marketing field.
• Explaining research is made to define and map out what factors influence the channels.
• Evaluating research intends to measure effects of actions taken.
• The purpose of predictable research is to predict what would or could happen in the future considering given circumstances.
This report can be classified as describing and exploratory research. The purpose of the thesis is to identify and suggest evaluation criteria, which can be considered to give knowledge of and create understanding of a marketing distribution channel and consumer.

Describing research demands a sufficient amount of accessible data, why it is crucial to have access to data that describe the situation when starting the survey. The method intends to give descriptions of historical and existing situations, but has no intention of explaining how the situation is created or can be influenced. Exploratory research intends to give understanding of the occasion and collect information for further investigations.

To fulfill the purpose to identify and suggest potential distribution channels for consumer, the current situation will be described and the thesis intends to give an understanding of factors that shall be considered when evaluating channel intermediaries. This can be categorized as exploratory research.

Research approach

The study is conducted by collecting secondary data and primary data. Secondary data is collected from books, journals, government websites, company documents whereas primary data is collected by means of survey questionnaire distributed among channel partners and the end customers. Participants of research would be intermediaries in the distribution network and the end customer. In order to select the participants the study has made use of stratified random sampling method in order to make sure that major demographic segments are represented while selecting the samples.

Questionnaire design consists of two parts. The first part contained the demographic information while the second part dwelled on each of the subjects perception on each variable using five point linker scales from 1 ("Strongly Agree") to 5("Strongly Disagree"). The study did not require any assistance from a third party or any other institution. In order to collect data the study made use of web portal survey to distribute survey and get responses. The system was designed in such a way that the respondent have to submit all the answers. Out of 60 questionnaires, responses for 50 surveys were obtained. The duration for the survey was kept as two weeks, a reminder mail was being sent to the respondents at the end of week one to remind them.

Importance of the study

Marketing distribution channels have been undergoing strategic changes over the past decade. The current recession has proved that risk management and strategic planning are most vital for an organization's long lasting and self-sustaining performance. My work will strive to highlight one such areas of strategic and tactical thinking and analyzed channels of distribution related with consumer goods.

Limitation of Research-

I intend to undertake my research as comprehensively as possible. As in any research work, inherent are some unavoidable drawbacks in my study. Few of them are:
Financial and Time Constraints: As outlined before, the scope of my work is limited to the Domestic market. Financial and time constraints of my semester mean that I'm not able to conduct a global research that would be more apt in this case.

Personal bias. Most of my work is conducted through a personal observation method; as such it is prone to my personal bias. However as the person who is to do the entire research right from formulation of research questions to recommending solutions, I would be most qualified to comment on the topic.

Information Constraints. Distribution channel model is a sensitive piece of company information. Though I have secured access to Common market, wherein I could do all the data mining myself, the extent of information that I would be able to muster about the rivals' model is still to be seen.

RECOMMENDATION

✓ Aggressive Marketing.
✓ Regular survey to consumer market.
✓ Sales promotion and advertising to be made more frequent for consumer's brand building.
✓ Communications should be improved. Fulfil the Demand of consumer by producer. In the market situation, Middlemen work independently and provide information about the market to the manufacturer.
✓ Good communication requires interaction between those preparing and those receiving product. A good channel system provides both for communication from the producer to consumer and from consumer to producer.
✓ Sales reports provide data for evaluating middlemen performance.
✓ Producer should make plans for better performance to the middlemen.
✓ Producer should be implementing the consumer's suggestions and complaints about products, service policies, price changes, advertising product etc.
✓ Producer should gather information about distribution's activities.
✓ Producer should prepare a list of factors to be considered before choosing a suitable channel of distribution.
✓ Transportation confers time and place utility to the product. It determines the company's customer service; it has also crucial bearing on the other elements of physical distribution and marketing.
✓ Good distribution channel system should be designed by middlemen.
✓ Channel members should be interacted and be organized to perform the work of the channel.
✓ Consumer should know why companies use distribution channels and understand the functions that these channels perform.
✓ Consumer satisfaction should be main responsibility of distribution channels.
✓ Consumer should aware about the channel structure and alternatives marketing channels.
✓ Producer needs to understand (perhaps with the help of the supermarkets) the needs and wants of the consumer. How are tastes changing? Are consumers happy with the standard / taste of the product?