CHAPTER - II

DESIGN OF THE STUDY
Introduction

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- Papers and studies
- Other studies

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- Computer

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Summary
2.1 INTRODUCTION

In a developing market the manufacturers face great challenges in marketing their products as this is an era of buyers' market. This is true of computer marketing. The manufacturers therefore are forced to adopt consumer oriented approach. They change their marketing strategies according to the changing requirements in the marketing environment. One of the most important elements of marketing strategy is "distributors network strategy". Technological advancements, severe competition among manufacturers and customers' expectations of the value for money, and requirement of quality services are making distribution of computers a challenging task.

Some manufacturers perform all the tasks of selling and distributing the product on their own. There are others who involve dealers as members of their distribution network. There are some manufacturers who are able to create strong integrated systems of distribution, but there are some others who would like to avoid any integration with the members of the channels of distribution. The problems of dealer network development and dealer selection therefore become very important for the manufacturers who want to create strong integrated systems.
The prevalence of above situation has made the choice of channel of distribution a very complicated task in marketing management. The questions therefore are: What is the pattern of distribution strategy adopted by computer manufactures? What factors influence it? How does the distributors choose the company to be represented? etc.

These and a number of allied questions call for an empirical study. This work is an attempt in this direction. Both manufacturers and distributors stand to gain by this study if the suggestions offered are accepted and implemented by them.

2.2 AN OVERVIEW OF LITERATURE AND EARLIER STUDIES

A lot of literature was browsed through as a part of this work. The related literature can be categorised under three heads viz, books, papers and other studies.

BOOKS: There are quite a number of authoritative works on marketing management including channels of distribution. These works discuss the concepts of marketing, strategies, policies and programmes relating to product, promotion and distribution.
These include Philip Kotler's work on "Marketing Management: Analysis, planning and Control", 1 "Strategic Marketing" by Kollat and others, and 2 Craven's "Strategic Marketing". Cundiff, Still and 3 Govoni in their work on marketing discuss key concepts and issues underlying the modern practice of marketing.


Kotler's "Principles of Marketing" presents concepts, generalisations and theories of marketing supported by scientific research and evidence. Kotler's classic work on "Marketing Management" is well known for its in-depth coverage of all aspects of marketing management.

Ramaswamy and Namakumari's work discusses the various aspects of marketing management in the Indian Environment. There are also a few specific works on marketing channels. These include Stern and Ansary's work, Rosenbloom's work.

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and Sims, Foster and Woodeside's work on marketing channels. These specialised works deal with the different types of channels used for consumer goods and industrial products, their functions and structure, channel choice, decisions, etc.

Papers and Studies: Kotler and Levey in their paper on 'Concept of Marketing' point out that the whole range of marketing activities and marketing principles can be applied to a wide range of organisations. Rosenberg and Stern in their paper on 'Conflict in Distribution Channels' present a model for the analysis of this conflict. The model shows the variables and interrelationships in conflict process. It suggests a testable framework for researchers.


Shapiro in his paper on distribution shows how companies can improve distribution through the channels by using various sales promotional devices.

Stern, Sternthal and Craig have developed a laboratory method for studying interorganisational conflict between members of a distribution channel. They used a parasimulation approach to investigate the effectiveness of a super ordinate goal and an exchange-of-persons programmes in managing conflict.

Kapoor and Singh, in their study on "Marketing planning in Indian companies" find that marketing planning sophistication was higher in private enterprises than in public enterprises.


Singh's study on Marketing Management in India is based on a survey of 75 large-scale companies in public and private sectors. He has analysed the marketing system in these units and found a high level of marketing concept in most of the sample units. However, only 19% of the companies were making use of modern methods for marketing purpose.

Webster conducted a field study of distributors' role in marketing strategy. Major findings of his study are: There has been a trend towards increased reliance on fewer, larger and better managed distributors by manufacturers. The manufacturers have also tended to increase the amount of support given to the distributors.


17. Fredrick E. Webster, "The Role of Distributors' in Marketing Strategy", World Executives' Digest, November 1987, pp. 31-35.
Narus and Anderson in their paper on working relationship between manufacturers and distributors highlight the importance of building up working partnerships with distributors and analyse the approaches adopted for this purpose.

Anderson and Naurs have tested empirically a model of distributor - manufacturer working partnership on a sample of distributor firms and manufacturers. The findings suggest several ways in which both manufacturer-firms and distributor-firms can actively manage their working partnership.

OTHER STUDIES : Studies on distribution channels are very few. Some of the important works are reviewed in the following pages:


Charan Reddy and Krishnaswami in their study on Distribution Channels for Electrical Equipment Industry in Bangalore City have examined the pattern of distribution channels adopted by the manufacturers and identified the determinants of channel choice decisions.

Venkateshwarulu studied marketing management in selected public enterprises in Andhra Pradesh. He has analysed the elements of marketing mix including channel management. The study shows that channel management practices substantially differed in selected public enterprises.


Jayathirtha and Krishnaswami in their Study on Management of Distribution Channels in Electrical Equipment Industry have examined the pattern of distribution channels adopted by manufacturers in India and identified the determinants of channel choice decisions.

So far, no serious study appears to have been carried out in India on computer marketing and distribution. The researcher is therefore of the view that this study is perhaps first of its kind on computer distribution network analysis.

22. R.V. Jayathirtha and O.R. Krishnaswami
2.3 SCOPE OF THE STUDY

From the review of studies in the foregoing paragraphs, it is obvious that perhaps no research work on distribution network in marketing of computers has been undertaken in India as the very work of marketing and distribution of computers is of a recent origin in India. The present study therefore fills in an important research gap and hence can be said to be a pioneering work of its kind.

This study makes an attempt to analyse the distribution network of all computer manufacturing units located in Bangalore and Mysore. The analysis also covers the distribution network of other manufacturers whose units are located outside Karnataka State but have established their dealer network in Bangalore and Mysore. Hence it can be said that this work is the first of its kind in the State of Karnataka.

In a study of analysis of distribution two distinct elements can be identified. They are: physical distribution and distribution network or distribution channel. Physical distribution refers to the movement of goods from the point of production to the point of
consumption. Distribution network or channel is the route through which the products move from the producer to the user. Basically, this study is confined to distribution network management as it is a very important sub-system in the marketing management system.

2.4 OBJECTIVES

The important objectives of this study are as follows:

1. To study the pattern of distribution network adopted by computer system manufacturing units,
2. To develop a systematic approach to evaluate the performance of distribution network,
3. To analyse the contribution of the distribution network to customer satisfaction, and
4. To offer suggestions for improving the effectiveness of distribution system.

2.5 DEFINITIONS OF THE CONCEPTS

1. Distribution Network

Distribution network is that part of marketing which is concerned with suitable methods for distribution of products from manufacturer or producer to end-user.
2. Marketing

The performance of business activities that direct the flow of goods and services from producers to consumers or users.

3. Computer

Computer is an electronic device having the ability to accept data, internally store and execute a program of instructions, perform mathematical and logical operations on data and report the results.

2.6 HYPOTHESES

The study aims at testing the following hypotheses:

1. Though an awareness has been growing among the users about the usefulness of computers, they are not satisfied with the services rendered by both the computer manufacturers and dealers.

2. Most of the computer manufacturing firms are owned by public limited companies and the market structure for computer is dealer oriented.

3. The rankings for different criteria adopted by manufacturers for evaluation of their own sales offices are independent of each other.
The Researcher has made a sincere effort to test the hypotheses through the analysis and interpretation of data collected from all the parties viz, manufacturers, dealers and end-users.

2.7 METHODOLOGY

This is an analytical study based on the survey method. The units selected for this study include:

1) Manufacturers of Computer systems.
2) Members of distribution network consisting of
   a) Own outlets,
   b) Dealers, and
   c) End-users

The number of local manufacturers is 16. Number of manufacturers whose units are located outside Karnataka but have got offices and dealer network in Bangalore & Mysore is 8 and the number of dealers is 40. Since these numbers are small, all of them are selected for the study adopting census method. However, for all statistical calculations and analysis only local manufacturers have been considered. Considering the small size of manufacturers and dealers and...
their hesitancy in sharing written information and confidentiality of data, interviewing method was adopted for collection of data from them. The case of end-users is somewhat different. Their experiences on the computers are varied as they are based on the use of different sizes of computers. The collection of information on their assessment and perception requires an explanation of the objectives of this study. Hence discussions were held with 200 end-users selected at random.

2.8 TOOLS FOR DATA COLLECTION

The following tools were used for the purpose of collecting the required data.

1. Schedule for Manufacturers

This covers information relating to size of the company, products manufactured, categories of users, distribution network adopted, criteria for channel selection, and evaluation (Appendix-I).
2. Schedule for Dealers

This elicits information on organisation structure of dealers, factors considered while accepting dealership, kinds of services undertaken, basis for selection of manufacturer and type of feedback information to principals (Appendix-II).

3. Discussion Guide for End-users

This has facilitated in assessing the endusers' point of view for evaluating the effectiveness of distribution network on a relative basis with respect to their varied experiences and degree of satisfaction.

2.9 FIELDWORK AND COLLECTION OF DATA

For the purpose of collecting the relevant data, exhaustive fieldwork was carried out by interviewing all the manufacturers and dealers located in Bangalore and Mysore. Required facts and figures were also
collected by interviewing representatives of manufacturers whose units are located outside Karnataka but having sales offices and dealer network in Bangalore and Mysore. Required data were also collected by interviewing end-users selected for the study.

2.10 LIMITATIONS OF STUDY

The followings are the limitations of this study:

1. Due to the paucity of time, only computer manufacturers, dealers and end-users located in Bangalore and Mysore were contacted. Software consultants are excluded from the scope of this study.

2. Due to the cost factors, exhaustive coverage was considered not possible.
3. Due to the confidentiality, many respondents hesitated to furnish information to the researcher. However, all efforts were made to collect the required data from them. Besides, lot of data was collected from secondary sources.

4. The study covers a period of only five years i.e., from 1989 to 1993.

2.11 PLAN OF ANALYSIS

Data collected were transcribed in long sheets and tables were constructed. Appropriate techniques of analysis like averages, percentages and significance tests were used for the purpose of analysing the data so collected.
2.12 CHAPTER SCHEME

The work is divided into three broad sections, each comprising of a number of chapters as detailed below

Section - A

I. Introduction

II. Design of the study

III. Computer Industry - A Profile

Section - B

IV. Pattern of Distribution Network - An Analysis

V. Evaluation of Distribution Network

VI. Customer satisfaction - Evaluation.

Section - C

VII. Summary of Findings, Suggestions and Conclusion.
SUMMARY

This chapter covers the review of literature and earlier studies. The study covers 16 computer manufacturing units, 40 dealers and 200 end-users. The important objectives of the study are: Study of pattern of distribution network of computer manufacturing units, scientific approach to evaluate the performance of distribution network, contribution of distribution network towards customer satisfaction and suggestions for improving the effectiveness of distribution system. The methodology used for this study is "Survey Method". The tools used for data collection are: Schedule for manufacturers and dealers and discussion guide for end users. The field work is carried out by contacting all manufacturers and dealers in Bangalore and Mysore. 200 end users are also contacted for this study. Appropriate statistical techniques are used for the purpose of analysing the data collected. The chapter ends with the presentation of the chapter scheme of the report.