A STUDY OF MANUFACTURERS' SERVICE DELIVERY TO THE RETAILERS

Shabeera Sultana[1]
Dept. of Agricultural Rural Management
Tamil Nadu Agricultural University
Coimbatore, India

K.Uma[2]
Dept. of Agricultural Rural Management
Tamil Nadu Agricultural University
Coimbatore, India

Abstract— A distribution system is a key external resource. Normally it takes years to build, and it is not easily changed. Retailers achieve superior efficiency in making goods widely available and accessible to target market. Stimulating the retailers to effect better selling of a company's product starts with understanding their needs and wants. The company should get information regarding it to formulate appropriate distribution and sales promotion strategies. This study throws light on retail outlets distribution service level to the retailers, retailer's preference for various schemes offered by different low involvement products manufacturing firms and the problems faced by the retailers in handling the products of such firms. Totally 100 retailers encompassing 50 B class retailers and 50 C class retailers were selected to study the distribution service of the company. The distribution service qualities to the retailers were evaluated using the dimensions like tangibles, reliability, responsiveness, assurance and empathy. The retailers rested themselves between neutral to extremely dissatisfied for the tangible dimension of service quality. In case of reliability and responsiveness the retailers stood between dissatisfied and neutral. In case of assurance dimension the retailers were dissatisfied to satisfied. In case of empathy the retailers stood almost neutral. The retailers invariably preferred free products to be given by the company as retailer's scheme for sales promotion. There existed difference in trade schemes of the different company. Inadequate service was the major problem faced by the retailers in handling the Low involvement firm's products.

Keywords- distribution, service, delivery, low involvement products, manufacturing firms, retailers

I. INTRODUCTION

A company needs to view the retailers in the same way it views its end users. It needs to determine intermediaries' needs and construct a channel positioning such that its channel offering is tailored to provide superior values to these intermediaries. Distribution services provide the crucial link between producers and consumers and hence, the performance of this sector is vital to the functioning of a modern market economy. This sector plays an important role in providing consumers with a wide choice of goods and associated services and consequently, has a strong influence on consumer welfare. Distribution services also provide producers with the necessary information needed to cater to the pattern of consumer demand. Therefore, efficiency in this services sector is likely to lead to better allocation of resources and economic costs.

This study aimed for the service promotion strategies of low involvement product manufacturing firms. Low involvement products are consumable items that entail minimal effort and consideration on the part of the consumer prior to purchase since they do not have a substantial effect on the buyer's lifestyle and hence are not that significant an investment. A low involvement product is an item that is habitually purchased and so the decision to do so requires little effort. Examples of low involvement product includes The prices are relatively low, the typical advertising role is to get consumer to sample or switch product thus breaking the habit of spending money with the competitor. Tactical approaches like coupons, sales/discount promos or any other incentives are often used. They are found and displayed

easily everywhere, availability is the must. Some examples of low involvement products are bread, toothpaste, stationeries (pens, paper etc.) candies, confectionary etc.

II.REVIEW OF LITERATURE

Some of the reviews of the past studies in support of the present study on distribution and service quality were presented below.

A.DISTRIBUTION

Mercantil (1998) observed that the strongest trend was toward super markets. Super markets have become more important to beef retailing and meat marketing had become more important to super markets as well; around 12 per cent of the sales of Brazilian super markets were often used as a way to attract consumers to buy additional products.

Aquiar and De Silva (2002) found out that the technologies used in the Brazilian beef distribution system could be improved, since this factor has negatively impacted the system's competitiveness. The cold chain, the most important technological component in beef marketing, was unfavorable because it was affected by inappropriate conditions of transportation and intermediate storage, but the traditional sub-system was more affected because even at retail store the product was not stored at adequate temperatures.

Rao (2003) found out that Hindustan Lever Limited were reaching the customer both for understanding buying habits and with the idea of outflanking big retailers through direct channel of distribution.

Christina (2003) found that Hindustan Lever's Beverage distributors provided credit period between 1-2 weeks, and 2-3 weeks whereas 80 per cent of Haldirams distributors provided 1-2 weeks and 20 per cent of them provided 2-3 weeks.

Christina (2003) analysed the frequency of service offered by the distributors of fast moving consumer goods. She found that Colgate and Hindustan Lever distributors provided their service once in a week.

B.DIMENSIONS OF SERVICE QUALITY

Shainesh and Mathur (2000) in their study on railway freight service quality measurement included intangible dimensions of service quality for evaluating the quality of railway freight services and developed a comprehensive instrument, RAILQUAL. The intangible dimensions included were reliability, responsiveness, competence, courtesy, friendliness, security, ambience etc., which are qualitative by nature and whose value is subjective.

Banwet and Datta (2000) in their study on the effect of service quality on post-visit intention – the case of a computer center, investigated the quality of services offered to students in a institutional computer centre and measured tangible and intangible aspects of service quality, consumer satisfaction and post visit intentions. The intangible dimensions include reliability, responsiveness, assurance and empathy.

Parasuraman (2000) in his study on Superior customer service and marketing excellence discussed the meaning and measurement of service quality and offered managerial guidelines for delivering superior service by invoking key insights from a multi year, multi sector stream of research on customer service. He developed a model called SERQUAL, which consisted of five dimensions like reliability, responsiveness, assurance, empathy and tangibles. He concluded that reliability to be the most important of the five SERQUAL dimensions. He also concluded that a company should effectively blend external marketing with customer service to deliver superior service to customers.

Debasish (2001) in his study on service quality in commercial banks made a comparative analysis of the degree of service quality. He analyzed the actual level of service

quality in nine selected commercial banks in Delhi by analyzing their scores as against the various service quality dimensions. The service quality model used comprised of these components namely, technical quality, functional quality and environmental quality.

III. METHODOLOGY

In Coimbatore city of Tamil Nadu 100 retailers were selected randomly accounting 50 B class retailers and 50 C class retailers. Primary data were collected from the sample retailers using interview schedule during the period September – October 2013. The collected data were tabulated and analyzed using and Scaling technique and Kruskal-Wallis test. For the present study the retail outlets were classified into two groups namely B and C class retail outlets. Principally the B class retail outlets are those, which are situated along the main roadside where more number of people passes by and its size ranges from 500-1000 square feet. The C class retail outlets are those, which are situated interior to the main road where low-income group people resided and its size ranges from 150-500 square feet.

A. SCALING TECHNIQUE

In this approach the sample retailers were asked to indicate whether they were extremely dissatisfied, dissatisfied, neutral, satisfied, extremely satisfied with the distribution service of the company. The responses of the sample retailers were recorded and the score was given to each attribute, then the score towards opinion of the sample retailers. The score for each response is given Table 1.

Table1. Scores Ascertaining Satisfaction of Retailers

Response	Score
Extremely dissatisfied	1
Dissatisfied	2
Neutral	3
Satisfied	4
Extremely satisfied	5

The mean score was calculated and used for simple assessment of service level of the distributors to the retailers.

IV. RESULTS AND DISCUSSION

Scaling techniques was used to evaluate the distribution service quality dimensions like tangibles, reliability, responsiveness, empathy and assurance. Perception about these dimensions was assessed using five-point scale namely extremely dissatisfied (1), dissatisfied (2), neutral (3), satisfied (4), extremely satisfied (5). The data was analysed and the results are presented in Table 2

It was observed that in case of tangibles, retailers were not satisfied with credit period and cash discounts. They are satisfied with schemes, promotional measures of the company and profit margin. Profit margin was same across different brands. In case of reliability, retailers were not satisfied with salesperson's promptness in informing the schemes of the company, distributing the product according to retailers' requirement, sales person regularity in attending the retail shop. In case of responsive, the retailers were dissatisfied with sales person's promptness in following the request of the retailers. Retailers might have asked for credit but the sales person might have refused it.

Table 2. Dimensions in Evaluating Service Quality

Dimensions	No. of retailers	
	B class retailers	C class retailers
TANGIBLES		
Profit margin	3.16	3.15
Schemes of the company	3.01	3.12
Promotional measures	3.00	3.11
Cash discounts	2.68	2.88
Credit period	1.68	2.12
RELIABILITY		
Sales person's problem solving ability	3.25	2.93
Salesperson's promptness in informing the schemes of the company	2.67	2.47
Distributing the product according to retailers requirement	2.53	2.53
Sales person regularity in attending the retail shop	2.24	2.36
RESPONSIVENESS		
Sales person's availability to respond retailers queries	3.31	3.23
Waiting time for receiving the products	3.20	3.46
Responds to expiry date nearing products	3.14	2.50
Sales persons willingness to help the retailers	3.08	2.17
Promptness in following the request	2.75	2.47
EMPATHY		
Sales person's understanding of retailer's need	3.33	2.83
Individual attention paid to the retailers	3.14	3.30
Sensitiveness to the retailers interest	3.00	2.90
ASSURANCE		
Courtesy shown by the sales person	4.86	2.90
Sales persons knowledge about products	4.19	2.47
Ease in interacting with sales persons	3.81	3.33
Trustworthiness of the sales person	3.44	3.53

For other services of distributor, the retailers remained neutral to satisfied.

A. PREFERENCE OF TYPE OF THE SCHEMES BY THE RETAILERS

Low Involvement product firms operate various schemes to the retailers in order to promote their product through retail outlets. The schemes are as follows

1. Free products (for every one box of pens (400nos.) 100 nos.of the same pens given).

2. Gifts like plastic chairs, bags, two wheelers etc.,

Preference of type of schemes by the retailers is presented in Table 3

Table 3. Preference of type of the Schemes by the Retailers

S.No	Schemes	B class retailers		C class retailers	
		Mean score	Rank	Mean score	Rank
1.	Free products	149.36	I	156.37	I
2.	Plastic chairs, bags etc.	125.92	II	139.52	II

(N=100)

It could be observed that the B class and C class retailers invariably preferred free products to be given by the company. This was because free products added to the stock-keeping units of the product thereby making profit whenever they sold the products. Besides retailers prefer plastic chairs, bags next only to free products because they considered there might be delay in disbursing these things.

B.PROBLEM FACED BY THE RETAILERS IN HANDLING LOW INVOLVEMENT PRODUCTS

The problem faced by the retailers in handling the products of low involvement firms was presented in Table 4. It was reported that only about 15 per cent (B class retailers 9 per cent and C class retailers 6 per cent) faced no problem in handling low involvement firms products. It was inferred that 62 per cent of the retailers stated inadequacy in company distribution service as the

Table4. Problems faced by the retailers in handling the products of low involvement firms

S.No	Problem	B class retailers (n=50)	C class retailers (n =50)	Overall
1.	Packaging	40 (80.00)	19 (38.00)	59 (59.00)
2.	Unattractive trade schemes	21 (42.00)	27 (52.00)	58 (58.00)
3.	Inadequate service	21 (42.00)	41 (82.00)	62 (62.00)
4.	No credit facilities	18 (36.00)	13 (26.00)	31 (31.00)
5.	Low shelf life	14 (28.00)	8 (16.00)	22 (22.00)
6.	Less profit margin	12 (24.00)	16 (32.00)	28 (28.00)
7.	No problem	9 (18.00)	6 (12.00)	15 (15.00)
8.	Low consumer preference	4 (8.00)	3 (6.00)	7 (7.00)
9.	Low promotional activities	5 (10.00)	2 (4.00)	7 (7.00)

(Figures in paranthesis indicates percentage to total)

Table 5. Expectation of the retailers

S.No	Service expectation		B class retailers	C class Retailers	Total
1.	Need regular service		24 (48.00)	45 (90.00)	69 (69.00)
2.	Availability		10 (20.00)	7 (14.00)	17 (17.00)
3.	Provide products in required pack size		8 (16.00)	14 (28.00)	22 (22.00)
4.	Inform about schemes of the company before closure of it		23 (46.00)	34 (68.00)	57 (57.00)
5.	Change of sales person not required		32 (64.00)	30 (60.00)	62 (62.00)
6.	Change of sales person required		1 (2.00)	2 (4.00)	3 (3.00)
7.	Need credit period	For all product	12 (24.00)	9 (18.00)	21 (21.00)
		Slow moving items only	24 (48.00)	26 (52.00)	50 (50.00)
8.	Exchange of expired/ damaged products		15 (30.00)	23 (46.00)	38 (38.00)
9.	No expectation		13 (13.00)	11 (22.00)	24 (24.00)

(Figures in paranthesis indicates percentage to total)

major problem. Especially 82 per cent of the C class faced inadequate service. 59 per cent of the retailer's faced packaging which included majority of B class retailers (80 per cent). 58 per cent of the retailers faced unattractive trade schemes. This is because usually firms rarely provided schemes. 31 per cent of the retailers faced non-availability of credit as a problem in handling low involvement firms products.

C.EXPECTATION OF THE RETAILERS

Retailers dealing with low involvement products had many expectations from the firm regarding the service. Their expectations were given in table 5.

It could be observed that 69 per cent of the retailers needed regular service to their shop preferably once in a week. In that 90 per cent of the C class retailers needed regular service to their shop. While 62 per cent of the retailers needed the retention of the sales representatives. This will facilitate the retailers to have good rapport with the sales representatives. Half of the retailers needed credit only for slow moving items. While 57 per cent of the retailers needed the sales representatives to inform about schemes before closure of the same and 38 per cent of the retailers needed the damaged and expired product to be exchanged.

V.CONCLUSION

In case of tangibles, retailers were not satisfied with credit period, cash discounts. They are satisfied with

schemes, promotional measures of the company and profit margin. In case of reliability, retailers were not satisfied with salesperson's promptness in informing the schemes of the company, distributing the product according to retailers' requirement, sales person's regularity in attending the retail shop. In case of responsiveness, the retailers were dissatisfied with sales person's promptness in following the request of the retailers.

B class and C class retailers invariably preferred free products to be given by the company. Retailers prefer chairs, bags next only to free products. There existed difference between schemes of various low involvement product firms.

Retailers' faced problem in handling low involvement products. Retailers faced inadequate service from company distributor as the major problem.

VI. RECOMMENDATIONS

- The distributor should attend the retail shop, especially C class retail outlet, regularly. The visit might at least be once in a fortnight.
- The distributor should provide the products according to the retailers' requirement
- Whenever the company declares the scheme, the sales representatives should be given the responsibility to make the retailers know about it, before the closure of the scheme.
- All the retailers paying cash immediately for the purchase of products should be given cash discounts. The retailers may feel betrayed if cash discounts are not given.
- Credit facilities could be provided to reliable retailers at least for slow moving items for a period of one week.
- The sales person should not be changed frequently to attend a particular retail shop. This will facilitate the retailers to have good interface with sales person and vice versa.

- The sales person should be affable with the retailers so that the sales person could get information about consumers taste, preference etc., this will facilitate the company to react accordingly.

REFERENCES

Banwet, D.K and Biplab, D. (2000) "Effect of Service Quality on Post Visit Intentions: the Case of a Computer Centre". **Vikalpa**. 25 (3): pp.49-55

Danilo R.D.Aguiar, Andrea Lago de Silva. (2002) "Changes in Beef Consumption and Retailing Competitiveness in Brazil: A rapid Appraisal" **Gazeta Mercantil**, 13 (8):pp.23-25

Debasish, S.S. (2000) "Service Quality in Commercial Banks: A Comparative analysis of Selected Banks in Delhi". **Indian Journal of Marketing** 29(5) :pp. 3-9

Gazeta merchantil, (1998) Analise Setorial- A industria de carte. Sao Paulo: **Gazeta Mercantil**, Volume 1

Parasuraman, A. (2000) "Superior Customer Service and Marketing Excellence: Two sides of the Same Success Coin". **Vikalpa**. 25 (3):pp.3-13

Raghavendra Rao. (2003) "Reaching Out to Customers Directly", **Indian Management**, P.16

Shainesh, G and Mathur, M. (2000) "Service Quality Measurement- A case of Railway Freight Service." **Vikalpa**. 25 (3) :pp.15-22

Kola Grace Christina. 2003 "An Analysis of the distribution Pattern for FMCG in Hyderabad and Secunderabad" **Unpublished MBA dissertation**, Karunya Institurte of Technology, Coimbatore.

AUTHORS PROFILE

1. **Author: Shabeera Sultana**, Doctoral Scholar, Department of Agricultural Rural Management, Tamil Nadu Agricultural University, Coimbatore, Tamil Nadu, India. Email id: shabbi98@yahoo.co.in

2. **Co-author: K.Uma**, Professor, Department of Agricultural Rural Management, Tamil Nadu Agricultural University, Coimbatore, Tamil Nadu, India.