



## A STUDY ON RETAILER PERCEPTION TOWARDS DISTRIBUTOR EFFECTIVENESS WITH REFERENCE TO SELECTED FMCG PRODUCTS IN GUNTUR AND PRAKASAM DISTRICTS

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### Abstract

The study is conducted to analyse the effectiveness of FMCG distributors in Andhra Pradesh. Through this study the researcher is trying to understand the retailer satisfaction level which determines the effectiveness of FMCG distributors in Guntur and Prakasam districts, Andhra Pradesh. The results drawn in the study is purely based on the survey conducted among the retailers. The direct distribution system makes the producer to reach the intended target customer to distribute the products directly to the distribution channels are defined and classified. In this sense, a variety of distribution channels exists, as well as the contemporary understanding of managing supply chains and value creation networks.

In this context the present study was conducted on distributor effectiveness in Indian FMCG industry, the purpose of study is to measure the attitudinal differences among the retailers of various markets in identifying need for distributor effectiveness. A total 200 retailers among various markets from two districts with the pilot study. Both primary and secondary data was used to analyze data. Few statistical techniques are also used to provide statistical inferences. After the data was analyzed the conclusions are drawn and suggestions are given to the policy makers for implementation to improve the effectiveness of distributors in FMCG industry.

**Keywords:** Distributors, FMCG, Effectiveness, Retailer Perception.

### Introduction

An important aspect of the current economic scenario in India is the emergence of organized retail. There has been considerable growth in organized retailing business in recent years and it is poised for much faster growth in the future. Transnational corporations are also seeking to come to India and set up retail chains in collaboration with big Indian companies. However, opinions are divided on the impact of the growth of organized retail in the country. Concerns have been raised that the growth of organized retailing may have an adverse impact on retailers in the unorganized sector.

Fast-moving consumer goods (FMCGs) are commonly known as consumer packaged goods. The FMCG goods include those products that are sold quickly at relatively low cost. The most common things that are counted in the list of FMCG products include toilet soaps, detergents, and shampoos, toothpastes, shaving products, shoe polish, packaged foodstuff and household accessories.

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

### Research Problem

An extensive investigation of the literature provides numerous studies on the topic of Distributor effectiveness. However, there are very few studies related to distributor effectiveness in FMCG industry among retailers. Based on investigator personal observation and data collected from secondary sources, many FMCG companies had undergone various distributor effectiveness measures but have shown minimal satisfaction regarding effectiveness methods and also very few studies were attempted in identifying perceptions of customers regarding distributor effectiveness programs.

### Nature and Scope of the Study

The nature of the study is descriptive as it attempted to find out the views of retailers of different FMCG distributors on various aspects like customer services, Quality measures and evaluation of the distributor effectiveness. The scope of the study is limited to two districts of Coastal Andhra Pradesh viz Guntur and Prakasam.

### Objectives of the Study

- To study the retailer perceptions on distributor effectiveness in selected FMCG companies and to assess the variations among those companies in execution of distributor effectiveness programs.
- To measure the attitudinal differences among the retailers of various FMCG products in identifying the need for retailers.
- To offer pertinent suggestions based on the study for the improvement of distributor effectiveness strategies for FMCG industry.



## Research Methodology

A brief outline of the methodology for the study is given below:

### Data Sources

Data sources are primary and secondary. Data relating to attitudes of the customers of FMCG products towards distributor effectiveness and the execution of various programs was collected through primary data.

### Data Collection

Primary data was collected through administration of a structured questionnaire. The required secondary data was collected through the records of the selected FMCG companies, relevant websites, etc.

### Sample Design

#### Sampling

For the present study, purposeful sampling technique is adopted for selecting the respondents from the FMCG companies. The respondents comprise the retailers of various FMCG products in Guntur and Prakasam districts of Coastal Andhra Pradesh.

### Sample Adequacy Test

For the study Kaiser-Meyer-Olkin (KMO) test was conducted to estimate the adequacy of the sample. The formula for the test is as follows

“KMO Test = (sum of the observed correlation coefficient) (the sum of the observed correlation coefficients) + (sum of the partial correlation coefficients between all pairs of variables)”

**Table: 1 Results of KMO Test**

FMCG Industry	Sample Size	Result
Retailers from Guntur District	100	0.592
Retailers from Prakasam District	100	0.571

## Data Analysis and Interpretation

**Table: 2 Retailers Satisfaction on Distributor Services**

Services	Retailers from Guntur District		Retailers from Prakasam District	
	Frequency	Percentages	Frequency	Percentages
Delivery time	8	21.05	14	41.18
Availability of Products	7	18.42	3	8.82
Customer service	15	39.47	2	5.88

**Interpretation:** In case of all the respondents of Guntur district have given more preference to the customer services. In case of Prakasam district respondents prefer delivery time.

**Table: 3 Retailers Perception on distributor Payments**

Type of Payment	Retailers from Guntur District		Retailers from Prakasam District	
	Frequency	Percentages	Frequency	Percentages
Billing to retailers	7	18.42	4	11.76
Caring for specific retail orders	10	26.32	3	8.82
Arrangement for credit provisions	10	26.32	13	38.24
Price guarantees	6	15.79	9	26.47
Financing and others	5	13.16	5	14.71



**Interpretation:** In case of all the respondents of Guntur district have given more preference to retailer specific order and credit provisions and prakasam district have given more preference to the credit provisions.

**Table: 4 Retailers Perceptions on distributor Credibility**

Credibility Factors	Retailers from Guntur District		Retailers from Prakasam District	
	Frequency	Percentages	Frequency	Percentages
openness in dealing with issues	6	21.43	7	18.42
Promises Reliability	4	14.29	10	26.32
Product Knowledge	9	32.14	10	26.32
Understanding Problems	4	14.29	6	15.79
Problem Solving Attitude	5	17.86	5	13.16

**Interpretation:** In case of all the respondents of Guntur district have given more preference to the product knowledge. In case of Prakasam district respondents prefer promises reliability.

**Table: 5 Mean values for Retailers Satisfaction on Distributor Services**

Satisfaction on Distributor Services		
FMCG Industry	N	Mean
Guntur District	100	3.06
Prakasam District	100	2.9

**Interpretation:** In case of all the respondents of Guntur district have highest mean value than the respondents of prakasam district regarding satisfaction on distributors.

**Table: 6 Mean Values for Perceptions on distributor Payments**

Perceptions on distributor Payments		
FMCG Industry	N	Mean
Guntur District	100	3.92
Prakasam District	100	2.9

**Interpretation:** In case of all the respondents of Guntur district have highest mean value than the respondents of prakasam district regarding perceptions on distributor payments.

**Table: 7 Mean Values for Perceptions on distributor Credibility**

Perceptions on distributor Credibility		
FMCG Industry	N	Mean
Guntur District	100	3.79
Prakasam District	100	2.9

**Interpretation:** In case of all the respondents of Guntur district have highest mean value than the respondents of prakasam district regarding perceptions on distributor credibility.

#### Findings

1. The study reveals that there are significant differences in the views of retailers on distributor satisfaction.
2. The study reveals that there are significant differences in the views of retailers on various factors relating to distributor payments.



3. The study reveals that there are significant differences in the views of employees on various factors related to distributor credibility.
4. The study reveals that there are significant differences in the views of retailers on satisfaction level relating to individual, significant differences are also noticed in the views of respondents across Guntur and Prakasam districts.
5. The study reveals that there are significant differences in the views of retailers on various factors relating to distributor payments, significant differences are also noticed in the views of respondents across Guntur and Prakasam districts.
6. The study reveals that there are significant differences in the views of retailers on various factors relating to distributor credibility, significant differences are also noticed in the views of respondents across Guntur and Prakasam districts.

### **Suggestions**

1. The study found that there is a difference between the opinions of the respondents in distributor satisfaction level. So the concerned authorities are required to identify the causes and make a necessary action for overcoming distributor satisfaction issues.
2. In the light of these observations, there is a need on the part of organisations to bring improvements in certain distributor effectiveness programs.
3. It is suggested that sufficient care has to be taken by both the Guntur and prakasam FMCG companies in designing effective distributor strategies.
4. The FMCG company's management should adopt innovative methods for evaluating distributor effectiveness.

### **Conclusion**

The FMCG industry has been playing a crucial role in the process of economic development since independence in the country. The FMCG industry has witnessed a phenomenal growth in terms of advances, number of investments, priority sector advances, sponsored regional rural sector, profits, customer relationship management, corporate governance, manpower deployment, non-performing assets etc. The FMCG companies also positively and adequately responded to the FMCG industry reforms, which are introduced since 1991. The consequences of such reforms include maintaining Trust on new areas, logistics and supply chain management.

It has been a widely accepted fact that distributors play an important role in the process of development of any organisation in the country. The effective implementation of policies relating to channel intermediaries will yield the expected results in satisfying the expectations of different groups which are dependent on the organization. This kind of institutions is also expected to fulfil the needs of various groups, which are dependent on them. This can be effectively achieved only where the distributors in the FMCG companies are properly motivated towards attainment of desired expectations from the different groups.

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