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Marketing distribution channel of FMCG goods in Jogindernagar of Mandi District, Himachal Pradesh

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Abstract

Being the fourth largest sector in our Indian Economy, the FMCG sector is a hub for goods. The present study has been conducted with the purpose to examine the factors that affect the Marketing distribution channels in the FMCG sector, the source of channels involved in the distribution channels of FMCG goods, what kind of problems does the retailers faced while channeling the goods. The area of the present study has been the retailers of Jogindernagar of district Mandi, Himachal Pradesh. The data has been collected using convenient sampling from 50 retailers. The primary data for this study has been collected with the help of a pre-structured questionnaire. The findings showed that the retailers of Mandi mainly deal in body care and cosmetics more than other FMCG goods and that the retailers generally buy their stocks from wholesaler. The findings further revealed that if the retailers buy their stock from the wholesaler, then they are likely to face problems like margin variation, lack of demand and problems like price variation and credit related problems are generally faced by the credit agents. It is concluded that factors such as Government policies, legal problems that with change in these factors the marketing channel system also changes.

Keywords: FMCG brands, Distribution channels, FMCG sector, Influencing factors.

Introduction

Fast moving consumer goods (FMCG) sectors are the fourth largest sector in our Indian economy. India is a hub of FMCG goods. There are enormous national and multinational brands serving their products to billions of people and giving rise to immense capital (Dong *et al.*, 2018). The biggest competitor in the market is ITC. The next on the list are HUL, Godrej, Colgate and many more. FMCG goods are short lived because of high consumer demand (example Dairy Products). These products are acquired frequently, are consumed swiftly, are priced low and are also sold in great quantities (Chinna, 2016 ^[2], Rinoj, 2014) ^[6]. Companies like ITC, Colgate, and Cadbury have been a dominant force in the FMCG sector well carried by relatively competitiveness and high entrance barrier. All these companies were able to charge reward for their goals. Through the nineties, the FMCG sector almost grew about 15 per cent annum in value. Instantaneously, in 2000 FMCG market growth obstructed and then it was declined for the next four years. An extreme drop-in interest rate from 18 per cent to 8 per cent led to eruptive demand for the customers like for automobiles and two-wheeler vehicles. The owners of mobile phones were denoted due to its bewildering lifestyles and benefits under such good and low price. The sector like entertainment and travel were also boomed (Shettigar, 2015) ^[8].

Evolution of Indian FMCG Sector

Due to the low purchasing power of the Indian common people, the FMCG's industry during 1950 to 1980 has invested very low and limited. Nevertheless, the entrance of the washing powder Nirma changed the whole Indian FMCG Sector. The company mainly focused of 'value for money' and made products like detergents so reasonably to afford that even for the lower level of the society (Diwedi, 2018) ^[3]. The Multinational companies like HUL noticed that the rural market has undiscovered potential in India. The relaxation of norms by the government of India also encouraged these companies to go for large economies and to make the FMCG products more affordable for the people (Patil, 2016) ^[5]. One of the biggest turns that hit the FMCG sector was the 'Sachet' idea. This was one of the single best innovations to reach novel users and expand market share for value-added goods. The emergence of companies like Jyothi Lab, 'Ghari Detergent' and 'anchor' toothpaste seems

to give fair competition to big FMCG companies (Vibhanti *et al.* 2014).

Distribution channels and the channel members

A distribution channel refers to the network used to get a product from the manufacturer to the consumer or the end user (Thakur *et al.* 2021^[9], Sarangapani and Mamath 2018).

When a distribution channel does not involve any middlemen then, the channel is “Direct”, and when the product changes hands before reaching to the end-user or the final consumer, the channel is “Indirect”. In the Indirect channel, the intermediaries that are involved between the manufacturer and the consumer are:-

- Retailer
- Dealer
- Distribution/Wholesaler
- Consultant

Channel management plays an important role in the distribution channel as it is the path through which Goods and Services travel from the manufacturer to the ultimate consumer and the payment for those products brand from the consumer to the vendor. The channel decision hence is very important. In the majority of consumer goods manufacturer could explain the cost of selling direct to their consumer, except by mail or the most of the practical decision are concerned with control of the consumer (Bala and Kumar, 2011).

Materials and Methods

Methodology is the philosophical framework within which the research is conducted or the foundation upon which the research is based” (Brown, 2006). Research Methodology chapter of a review explains in detail the review methods, approaches and designs that illustrate those used in the report, explain the choice by explaining the advantages and disadvantages of each approach and design taking into account their realistic applicability to the research. The process used for gathering information and data to make business decisions. The methodology may include publishing research, interviews, surveys and other research techniques, and may contain both current and historical information. The research work concerned was carried out on retailers of Jogindernagar of Dist. Mandi dealt with FMCG goods. Simple random sampling without substitution technique is used for present research study. Research on the project in Jogindernagar of district Mandi area has been limited. The research is carried out at 50 retailers dealing with the FMCG goods. The research is conducted with the goal of evaluating FMCG's marketing channel. The analysis was performed using only primary data. Primary data or raw data is a type of information collected directly from experiments, surveys, or findings from the first-hand source. Secondary data is data which someone other than the actual user collects. This means the information is already available and somebody's analyzing this. Secondary data includes newspapers, magazines, books, newspapers, etc. It can either be published data or undisclosed information. Simple mathematical and statistical tools including Arithmetic Mean, Percentage and Standard Deviation used for satisfying the objectives with a view of keeping the analysis simple and easy to understand. A questionnaire is a research tool that consists of a series of questions in order to gather information from the respondents. They can be done face to face, by phone, by computer or by

post. Questionnaires can be an efficient way to assess behavior, perceptions, desires, views and expectations of fairly large numbers of subjects more cost-effectively and efficiently than other approaches. There's a significant difference between open and closed questions. A questionnaire is also used to gather data using both open and closed questions. The closed type of Questionnaire has been used to conduct this study.

Result and Discussion

Demographic status of the respondents

It can be seen from table no. 1 the demographic profile of the respondents. It is seen that the majority of the respondents were male and between the age of 18-30 having a graduate degree

Table 1: The demographic profile of the respondents.

Gender	No. of Respondents	Percentage
Male	35	70.00
Female	15	30.00
Total	50	100.00
Age (years)	No. of Respondents	Percentage
Less than 18	1	2.00
18-30	29	58.00
30-45	13	26.00
More than 45	7	14.00
Total	50	100.00
Educational qualification	No. of Respondents	Percentage
Matriculate	1	2.00
Higher secondary	10	20.00
Graduation	30	60.00
Post-graduation	9	18.00
Total	50	100.00

Sample profile with respect to their experience in marketing channels Field Survey, 2020

The respondents based on their experience in marketing channels. From the above table, about 28 (56 per cent) of the respondents have less than 5 years of experience, whereas 10 (20 per cent) of the respondents have an experience between 5 years to 10 years, 8 (16 per cent) of the respondents have an experience between 10 years to 15 years and at last 4 (8 per cent) of the respondents from the total have more than 15 years' experience in the marketing channels

Table 2: The respondents based on their experience in marketing channels.

Experience	No. of Respondents	Percentage
Less than 5 years	28	56.00
5 years-10 years	10	20.00
10 years-15 years	8	16.00
More than 15 years	4	8.00
Total	50	100.00

Sample profile with respect to the FMCG products they deal with Field Survey, 2020

It is demonstrated that a majority of 18 (36 per cent) of the total respondents deals in body care and cosmetics of FMCG category, while 15 (30 per cent) deals in the Office work category, 7 (14 per cent) deals in packed and unpacked food category of FMCG, 5 (10 per cent) deals in toiletries and lastly 5 (10 per cent) of the respondents deals in Pharmaceuticals.

Table 3: FMCG category

FMCG category	No. of Respondents	Percentage
Toiletries	5	10.00
Office work	15	30.00
Body care and Cosmetics	18	36.00
Packed and Unpacked Food	7	14.00
Pharmaceuticals	5	10.00
Total	50	100.00

Sample profile with respect to which channel they buy their stocks from Field Survey, 2020

It showed a majority of about 26 (52 per cent) of the respondents buy their stock from wholesaler, 9 (18 per cent) of the respondents buy their stocks from manufacturer, while 8 (16 per cent) buy their stocks from credit agents and 7 (14 per cent) of them buy their stocks from carrying and forwarding agents.

Table 4: Sample profile with respect to which channel they buy their stocks

Marketing source	No. of Respondents	Percentage
Wholesaler	26	52.00
Credit agencies	8	16.00
Manufacturer	9	18.00
Carrying and Forwarding agents	7	14.00
Total	50	100.00

Mean Value and Standard Deviation showing opinion of respondents regarding the factors that affects the marketing channel system Field Survey, 2020

All mean values are above 3 showing that majority of the respondents think that because of all these five factors, marketing channels are affected. Majority of the respondents felt that govt. policy, demand, legal problems, consumer behavior and geographical areas are responsible for the change in marketing channels system. The Standard deviation showed opinions of the respondents those who agree that with the change in the above factors, it brings change in the marketing channels also. All the above value that are above 1 show that with change in the factors like government policies, demand, behavior of consumer and legal problems affects the marketing channel system, in other words also those respondents with having the value more than 1 is more deviated, whereas respondents with value 0.08 are less deviated and hence they don't think that a particular factor that are legal problems affect the marketing channel.

Table 5: Mean Value and Standard Deviation showing opinion of respondents regarding the factors that affects the marketing channel system

I Agree that with change of the following marketing channels also changes	Mean IAT	Standard ION
Government policies	3.84	1.08
Demand	3.92	1.08
Consumer behavior	3.96	1.07
Legal problems	3.66	0.80
Geographical area	3.48	1.03

Conclusions

It has been observed that the numbers of males in retailing are generally more than females, and that females generally work alongside males. In other words that male mainly attributes in the business, nevertheless females generally work as an associate in such works with them. Further, the findings revealed that the retailers of Jogindernagar, district Mandi

deals in body care and cosmetics more than other FMCG products, after that other deal in office work products of FMCG category and also that the retailers of Jogindernagar who deals in FMCG sector buys their stock mainly from the wholesaler. It is also observed from the research study that credit availability has a vital role in measuring the effectiveness of making channel structure. Thus, it may have been suggested to the intermediaries involved to have more vigilance and keen observation over credit system to the retailers to build or maintain a good trading relationship over the years. In FMCG sector, a company cannot reach to the target audience by choosing zero or one level channel system. Thus, it may have been suggested that company should choose a two level or even a more complex channel system to cover maximum market and risk associated to it.

Today customers are brand conscious, so it is the duty of retailer to provide them the branded products, most of the retailers ensured that the FMCG products they are selling were of good quality, due to strong goodwill of brand. Many retailers were giving discount on branded FMCG products, as per company's scheme. Maximum numbers of retailers were not passing on the company sponsored schemes, because the scheme arrived late.

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