



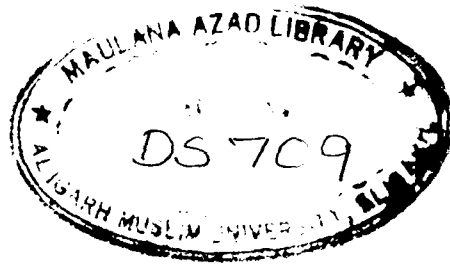
PROBLEMS IN DISTRIBUTION CHANNELS OF DRYCELLS AT RETAIL LEVEL

**DISSERTATION SUBMITTED AS PRESCRIBED PROGRAMME
FOR THE AWARD OF MASTER'S DEGREE OF
BUSINESS ADMINISTRATION (M.B.A)**

**BY
MOHD FARHAT**

**UNDER THE SUPERVISION OF
Prof. NAJMUL HASAN
D. Lit.
CHAIRMAN**

**DEPARTMENT OF BUSINESS ADMINISTRATION
ALIGARH MUSLIM UNIVERSITY, ALIGARH
1983**



DS709

DEDICATED TO MY PARENTS

MRS. RAZIA KHAN AND

Mr. B. KHAN

Dr.N.Hasan
Professor & Chairman



7/11/11 6247
DEPTT. OF BUSINESS ADMINISTRATION
ALIGARH MUSLIM UNIVERSITY
ALIGARH (INDIA)

Certified that Mr. Mohd. Farhat of M.B.A.
(Final) has completed his dissertation entitled
"Problems in Distribution Channels of Dry Cells
at Retail Level" under my supervision.

I am satisfied that the work is based
on the investigations made and data collected by
him.


(Najmul Hasan)

A C K N O W L E D G E M E N T

I am highly indebted to Prof. Najmul Hasan, Chairman, Department of Business Administration, for his kind help and able guidance for this project.

I have a word of praise and thanks for those Respondents who obliged me by sparing their time and providing valuable informations.

Again I am thankful to Mr. Khursheed A. Khan, Executive Director, Buckeye Machines Pvt. Ltd. and Rao Saheb of the same Organisation for their help and advices in the completion of this Project. I am also grateful to Mr. Ijlal H. Faridi who typed my Project with great interest.


(MOHD FARHAT)

TOPIC: PROBLEMS IN DISTRIBUTION CHANNELS
OF DRY CELLS AT RETAIL LEVEL

C O N T E N T S

	page
1. Introduction	1
2. Scope of the Study	2
3. Objective of the Study	4
4. Sampling Procedure	6
5. Highlights of the Finding	8
6. Detailed Analysis	11
7. Questionnaire	12/3

INTRODUCTION:

Dry cell has got a very wide usage. Each and everybody uses dry cells for one purpose or the other. The main uses of dry cells are in Torches, Transistors, Radios and Tape Recorders. According to 1971 Census, per capita usage rate of dry cells comes to 2 dry cells in the country.

Dry Cells:

A primary cell in which the electrolyte is absorbed in a porous medium or in otherwise restrained from flowing. Common practice limits the term dry cell to the Laclanche Cell, which is the major commercial type. The dry cell is made in a variety of sizes in round shapes.

There are many companies which are engaged in manufacturing of dry cells in India. A few major ones are:

Eveready

Geep

Navino

Nippo

Buckeye machines Pvt. Ltd., as part of their expansion programme is also introducing a dry cell by the Brand Name of Buckeye dry cells.

SCOPE OF THE STUDY

This survey was conducted personally in Aligarh and Bulandshahar Districts. It was tried to survey the retailers belonging to different Urban and Rural areas of the said districts.

The most important step in the marketing process is to determine what methods and routes will be used to bring the product to the market. This involves establishing distribution strategies, including selecting channels of distribution and provide for physical handling and distribution.

The distribution channels for dry cells generally consists of :

Manufacturer -- Wholesaler/stockist-- Retailer--Consumers

A Retailer is a business enterprise which sells primarily to ultimate consumers for non-business use. Retailer plays an important role. For the manufacturers of dry cells and wholesalers, the retailer acts as a specialist in selling. By dividing large unit quantities into consumer - sized amounts, the retailer is performing a service to manufacturers as well as to consumers.

As the wholesaler/stockist stands in between the manufacturer and the retailer, the later does not remain in direct contact with manufacturer. This study is aimed at the appraisal of retailers carrying dry cells so that the manufacturers of dry cells may have a better understanding of the problems faced by them and to exercise close control and get maximum co-operation from them and what sales promotional schemes the companies should adopt in order to enhance the sales.

This study will also help in knowing the buying pattern of the consumers of dry cells, their preferences for various attributes/ factors and price, service life, appearance, brand, design (paper clad/ Metal clad) etc.

This study is also aimed at how to improve the paper-clad cells in order to make it more attractive.

OBJECTIVE OF THE STUDY:

The specific objective of the study is to find out the problems faced by the Retailers and how to get maximum co-operation of them. The problem is related to operations of purchase. The study also aim at identifying sales promotion schemes (should be adopted by the companies engaged in dry cells manufacturers in order to enhance the frequency of use and number of dry cells purchase.

These are the general objectives along with the specific objectives:

- (a) To find out the people who buy dry cells more frequently belong to Urban or Rural areas.
- (b) To determine how many pieces of dry cells customers buy at-a-time.
- (c) To determine the factors which are considered most important while making a dry cell purchase.
- (d) To find out the brand which is sold more from their shops.
- (e) To determine the design, whether the paper clad/ metal clad is used more.
- (f) To determine the brand/brands which the retailers like to push.

- (g) To determine the complaints the retailers get from the consumers.
- (h) To determine wherefrom the respondents get the cells.
- (i) To determine the approximate consumption by the respondents.
- (j) To investigate about the help the companies should give in order to increase the sales.

SAMPLING PROCEDURE:

A structured questionnaire was drawn up. The questionnaire was completed with the Retailer in Aligarh and Bulandshahar districts including those who are in suburbs and Rural areas. The questionnaire was pretested on 20 retailers in Aligarh city and the corrections were carried out. A few questions are deleted, a few new ones are added and the wordings and the sequence of the questions were re-arranged.

This pre-testing was carried out so that accuracy might be obtained through questionnaire.

A non-probability (convenience) sample was drawn up. A total of 250 retailers were interviewed. The survey was conducted with the help of a structured questionnaire which was filled up with respondents. Briefly

Type of the sample - Non-probability sample
(convenience sample)

Size of the sample - 250 retailers in Aligarh and
Bulandshahar districts.

Type of Data required - Primary Data.

Method for gathering - Survey method was adopted for
informations. collecting data by interviewing the
respondents.

Data gathering form - A structured questionnaire was drawn
up in order to be completed with the
respondents. The questionnaire has
been produced in Annexure 1.

HIGHLIGHTS OF THE FINDINGS:

1. The people from the Rural areas purchase the dry cells more frequently than the city folks. So the frequency of purchase and use is more in suburbs and rural areas than the cities.

2. Paper Clad dry cells have dominantly selling in comparison to Metal Clad dry cells. There is a need to improve the features of the dry cells.

3. The consumers of the dry cells require long service life. Though the prices of all the brands are almost same but it plays an important role. Brand loyalty is not so strong among the consumers. Appearance exerts very little impact on the consumers but by improving the appearance, the manufacturers may increase their market share.

4. Eveready brand is sold at first place followed by Geep, Nippo and Navino brands.

5. Majority of retailers like to push Geep (33%) and Navino(29%) brands. One fifth of the total respondents like to push Eveready and Nippo brand each. Various reasons given by the respondents for pushing a particular brand are

- the brand which the consumers demand.
- the brand which provides sales promotion scheme.
- the brand which gives more margin.
- the brand which have no complaints.
- the brand which is more in stocks.
- the brand which is cheaper in cost and gives good margin

- the brand which is readily acceptable to consumers--
- the brand which has good Brand/ Company image.

6. The consumers generally complain of short-service life and leakage in dry cells. Strict quality control measures must be applied by the manufacturers.

7. Almost all the dry cells requirement of the Retailers is met by the wholesalers/ stockists. The manufacturers should ask the wholesalers/stockists to promote their products aggressively. The wholesalers/stockists may be motivated by giving special incentives, such as large discounts and exclusive territorial franchises because wholesalers carry other product also in addition to dry cells.

8. A vast majority of retailers purchase their requirements on credit with 8 - 15 days payment time. The manufacturers, with sound financial position, may open their own sales-branches carrying merchandise stocks in the geographic concentrated markets. Hence, in this way by by-passing the wholesalers/ stockists, the manufacturers may motivate the retailers by giving additional discounts and thus higher margins.

9. Majority of the retailers who carry dry cells are small and medium sized.

10... Different suggestions made by the retailers for the sales promotional programme of the manufacturers are:

- Retailers as well as consumers gift schemes.
- Stickers, wall posters etc. to be put in the retail stores for display purpose.
- Other incentives either in cash or in kind to be given for meeting the target sales/ extraordinary sales.

DETAILED ANALYSIS

Question 3.

The people who buy the dry cells more frequently belong to:

Urban area ()	Rural area ()	
Total number of Respondents		= 250
Total number of Respondents who said that people from urban areas buy cells more frequently		= 100 (40%)
Total number of Respondents who said that people from Rural areas buy cells more frequently		= 150 (60%)

ANALYSIS:

The people from Rural areas buy the dry cells more frequently than those in the Urban areas. It is clear that 60% of the potential buyers exists in the sub-urban and rural areas while 40% of them are in the cities. This may be due to the fact that there is very little electrification in the rural areas. The retailers in the suburbs and villages also complained that they are not adequately served by the stockists/ wholesalers. Hence it may be concluded that dry cells are sold more in rural areas.

Question 4 and 7:

Total number of Respondents = 250

From the classification of the Data, following cross-tabulation emerged:

Respondents	Who purchase						Total Resp. in number
	2 cells at a time		3 cells at a time		4 cells at a time		
Design & size	Resp. in number	% of Resp.	Resp. in number	% of Resp.	Resp. in number	% of Resp.	
Paper Clad Standard size	76	31%	46	18%	98	39%	220(88%)
Metal Clad Standard size	10	4%	8	3%	12	5%	30(12%)

ANALYSIS:

The sale of Paper Clad dry cell(88%) is very high in comparison to that of Metal Clad dry cells(12%). Most of the consumers (39%) purchase 4 dry cells while 31% of them purchase 2 cells at-a-time. The Paper Clad dry cells must be improved and the manufacturers must strive to make it more attractive.

Question 5.

Which of the following factors the consumers rate at 1st place, IIInd Place and IIIrd place while making a dry cell purchase?

Total number of Respondents = 250

RATING	Ist Place		IIInd place		IIIrd place	
	Resp. in number	% of Resp.	Resp. in number	% of Resp.	Resp. in number	% of Resp.
Factors/ Attributes						
(a) Price	215	86%	30	12%	5	2%
(b) Service life	223	89%	27	11%	-	-
(c) Brand name	112	45%	90	36%	48	19%
(d) Appearance	60	24%	105	42%	85	34%

ANALYSIS:

It appears from the table that service life (89%), price(86%) and the Brand name(45%) of the dry cell are perceived as the important attributes by the ultimate consumers. Majority of the consumers rate appearance at second place(42%). In the discussion with the retailers, it was suggested by them that the appearance of the dry cell must be attractive and must have a nice composition of eye-catching colours.

Question 6.

Which Brand is sold more from your shops? Please rank.

Total Number of Respondents = 250

From the classification of Data, following table emerged:

RATING	at Ist place		at IInd place		at IIIrd place		at IV th place	
	Resp. in number	% of Resp.	Resp. in number	% of Resp.	Resp. in number	% of Resp.	Resp. in number	% of Resp.
BRANDS								
Everready	113	45%	105	42%	32	13%	-	-
Geep	108	43%	67	27%	60	24%	15	6%
Navino	35	14%	105	42%	95	38%	15	6%
Nippo	75	30%	75	30%	100	40%	-	-

ANALYSIS: The table is self explanatory.

- 45% of the respondents say that Eveready Brand is sold at first place from their shops.
- 43% of the respondents say that Geep brand is sold at first place from their shops.
- 30% of the respondents say that Nippo Brand is sold at first place from their shops.
- 14% of the respondents say that Navino Brand is sold at first place from their shops.

Question 8. Which Brand of dry cell do you like to push and why?

Total number of respondents = 250

Number of respondent who like to push:

Eveready Brand	= 48 (19%)
Geep Brand	= 83 (33%)
Navino Brand	= 71 (29%)
Nippo Brand	= 48 (19%)

ANALYSIS:

It appears that one third of the total respondents like to push Geep Brand followed by Navino Brand(29%). While 19% of the respondents like to push Eveready and Nippo Brand each.

The reasons given by respondents for pushing a particular Brand are given below:

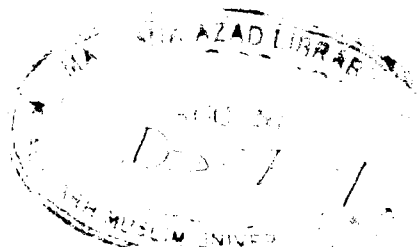
- the Brand which the consumers demand
- the Brand which provides sales promotion schemes
- the Brand which gives more margin
- the Brand which have no complaints
- the Brand which is more in stock
- the Brand which is cheaper in cost and gives good margin
- the Brand which is readily acceptable to the consumers
- the Brand which have long service life

Question 9. What complaints do you get from consumers?

Total number of respondents = 250

ANALYSIS:

The consumers generally complain of short service life and leakage in the dry cells. There is a need of strict quality control techniques in order to minimise the consumers complaints. However, few respondents say that they receive no complaints from the consumers.



Question 10. Where from do you get the dry cells requirements?

Total number of respondents = 250

<u>Point of purchase</u>	<u>Resp. in number</u>	<u>% of Resp.</u>
Direct from the Manufacturers	-	-
From the Wholesalers	68	27%
From the Stockists	171	68%
From Delhi	11	5%
Total	<u>250</u>	<u>100%</u>

ANALYSIS:

68% of total respondents meet their dry cell requirements from the Stockists and 27% of them get the dry cell from Wholesalers. So it may be concluded that the manufacturers must ask the wholesalers / Stockists to promote their products aggressively. The Wholesalers/ Stockists may be motivated by given special incentives, such as, larger discounts or exclusive territorial franchises because Wholesalers carry other products too.

Question 11. Terms of Payment

- (i) In Cash
- (ii) On Credit

Total Number of respondents	= 250
Number of respondents who purchase in cash	= 32(13%)
Number of respondents who purchase on Credit	= 218(87%)

ANALYSIS:

87% of the total respondents purchase on Credit. Generally 8-15 days time is allowed for payment. Only 13% of the respondents purchase in Cash.

Manufacturers with sound financial position can afford 8 - 15 days Credit facilities. In the consumer geographic concentrated market the manufacturers may open their own sales branches carrying merchandise stock thus by - passing the wholesalers/ stockists and in this way, the manufacturers may motivate the retailers by giving additional discounts and higher margin for the retailers.

Question 12. What is your approximate dry cells sale per year?

Total Number of respondents = 250

<u>Sales per year</u>	<u>Respondents in number</u>	<u>% of Respondent</u>
Below 5 cartons	60	24%
5 cartons - 10 cartons	72	29%
10 cartons - 15 cartons	65	26%
15 cartons - 20 cartons	42	17%
20 cartons and above	11	4%
Total	<u>250</u>	<u>100%</u>

ANALYSIS:

It is clear from the above table that 53% of total respondents' sale upto 20 cartons in a year while 43% of the respondents' sale upto 20 cartons in a year. Hence the retailers who handles dry cells are generally small and medium sized.

Question 13. What help should the company give in order to promote the sales?

Total number of Respondents = 250

ANALYSIS:

The respondents suggest different schemes which the company should offer in order to enhance the sales. The sales promotional programme must be directed towards the retailers and consumers. Below are some suggestions:

- Retailers as well as consumers gift schemes.
- Stickers, wall posters etc. to be put in the retail stores for display purpose.
- Other incentives either in cash or in kind to be given to retailers for meeting the target sales / extra-ordinary sales.

In addition to this, they also suggest that the manufacturer's representatives must give regular calls to them.

ANNEXURE - 1

QUESTIONNAIRE

Dear Respondents,

I am doing my Post Graduate studies in Business Administration. As a part of the course, I am conducting a survey of "RETAILERS" carrying dry cells. Would you be kind enough to answer a few questions. I have.

Thanking you in anticipation for your cooperation.

(MOHD PALANI)
Department of Business Admin.
Aligarh Muslim University,
Aligarh.

.....

1. Name and Address
2. Name of the dealing person

- Question 3. The people who buy the dry cells more frequently belong to : (Urban area () Rural area)
- Question 4. How many pieces of dry cells a customer buys at-a-time?
..... pieces
- Question 5. Which of the following factors, the consumers rate at 1st, 2nd, and 3rd place while making a dry cells purchase? Please rank.

	<u>Ist place</u>	<u>IIInd place</u>	<u>IIIrd place</u>
(a) Price	()	()	()
(b) Service life	()	()	()
(c) Brand Name	()	()	()
(d) Appearance	()	()	()

Question 6. Please rank the brand given below according to their sales from your store.

	<u>At Ist place</u>	<u>At IIInd Place</u>	<u>At IIIrd Place</u>	<u>At IVth Place</u>
(i) Eveready	()	()	()	()
(ii) Geep	()	()	()	()
(iii) Navino	()	()	()	()
(iv) Nippo	()	()	()	()

Question 7. Which design of dry cell is sold more?

.....Paper Clad / Metal Clad

Question 8. Which brand of dry cell do you like to push and why?

Question 9. What complaints do you get from consumers?

Question 10. Where from do you get the dry -cell requirement?

- Direct from the Manufacturer ()
From the Wholesaler ()
From the Stockists ()
From Delhi ()

Question 11. Terms of payment

- (i) In Cash ()
(ii) On Credit ()

Question 12. What is your approximate dry cells sale for a year ?

.....cartons/ year

Question 13. What help should the company give in order to promote the sales?

.....