

ABSTRACT:

The paper discusses the distribution channels, their structural and functional classification and the importance of intermediaries in the flow of goods between the manufacturer and purchaser. Pointed to the rapidly growing share of electronic distribution channels and the conditions of their market dominance in the medium term.

In a context of industrial or consumer products, manufacturers differ how they distribute their products to the consumer. Some of them distribute intensively (using a lot of intermediaries) or exclusively (directly to the consumer). In this paper, we study the problem of the choice of a direct or an indirect distribution. Distribution structure has received little attention by marketing scholars with few empirical studies concerning the channel design. The issue is analyzed by an overview of determinants of distribution structure in literature. The results show that the four most important factors that affect company's choice of distribution channel are: (1) consumer habits; (2) product characteristics; (3) the market; and (4) company factors. A conceptual framework with a several items concerning each factor was built to be tested by empirical research.

INTRODUCTION

Distribution Channel is the chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer. A distribution channel can include wholesalers, retailers, distributors and even the internet. Channels are broken into direct and indirect forms, with a "direct" channel allowing the consumer to buy the good from the manufacturer and an "indirect" channel allowing the consumer to buy the good from a wholesaler. Direct channels are considered "shorter" than "indirect" ones.

The Distribution Channel

Distribution is also a very important component of Logistics & Supply chain management. Distribution in supply chain management refers to the distribution of a good from one business to another. It can be factory to supplier, supplier to retailer, or retailer to end customer. It is defined as a chain of intermediaries; each passing the product down the chain to the next organization, before it finally reaches the consumer or end-user. This process is known as the 'distribution chain' or the 'channel.' Each of the elements in these chains will have their own specific needs, which the producer must take into account, along with those of the all-important end-user.

Channels

A number of alternate 'channels' of distribution may be available:

- **Distributor**, who sells to retailers,
- **Retailer** (also called [dealer](#) or [reseller](#)), who sells to end customers
- Advertisement typically used for consumption goods

Distribution channels may not be restricted to physical products since from producer to consumer in certain sectors, since both direct and indirect channels may be used. Hotels, for example, may sell their services (typically rooms) directly or through travel agents, tour operators, airlines, tourist boards, centralized reservation systems, etc. process of transfer the products or services from Producer to Customer or end user.

There have also been some innovations in the distribution of services. For example, there has been an increase in [franchising](#) and in rental services - the latter offering anything from televisions through tools. There has also been some evidence of service integration, with services linking together, particularly in the travel and tourism sectors. For example, links now exist

between airlines, hotels and car rental services. In addition, there has been a significant increase in retail outlets for the service sector. Outlets such as estate agencies and building society offices are [crowding out](#) traditional grocers from major shopping areas.

Market factors

An important market factor is "**buyer behavior**"; how do buyers want to purchase the product? Do they prefer to buy from retailers, locally, via mail order or perhaps over the Internet? Another important factor is **buyer needs** for product information, installation and servicing. Which channels are best served to provide the customer with the information they need before buying? Does the product need specific technical assistance either to install or service a product? Intermediaries are often best placed to provide servicing rather than the original producer - for example in the case of motor cars.

The willingness of channel intermediaries to market product is also a factor. Retailers in particular invest heavily in properties, shop fitting etc. They may decide not to support a particular product if it requires too much investment (e.g. training, display equipment, warehousing).

Another important factor is intermediary cost. Intermediaries typically charge a "**mark-up**" or "**commission**" for participating in the channel. This might be deemed unacceptably high for the ultimate producer business.

Producer factors

A key question is whether the producer has the resources to perform the functions of the channel? For example a producer may not have the resources to recruit, train and equip a sales team. If so, the only option may be to use agents and/or other distributors.

Another factor is the extent to which producers want to maintain control over how, to whom and at what price a product is sold. If a manufacturer sells via a retailer, they effectively lose control over the final consumer price, since the retailer sets the price and any relevant discounts or promotional offers. Similarly, there is no guarantee for a producer that their product/(s) are actually been stocked by the retailer. Direct distribution gives a producer much more control over these issues.

REARCH METHODOLOGY

MEANING OF RESEARCH:

Research in a parlance refers to a search for knowledge. One can also define research as a systematic search for pertinent information on specific topic. In fact research is an art of scientific investigation.

DEFINITION:

According to Clifford woody “Research comprises defining and redefining problem, formulating hypothesis or suggested solutions, collecting, organizing and evaluating data, making deduction and reaching conclusion to determine whether they fit the formulating hypothesis”. A research design is a logical and systematic plan preparing for directing a research study. It specified the objective of the study the methodology and techniques to be adopted for achieving the objective. It constitutes the blue print for the collection, measurement and analysis of the data. Methodology is defined as “A particular procedure or set of procedures, the analysis of the principle or procedure of enquiry in particular fields.” This chapter gives a clear picture of how the study has been carried on. It summarizes the procedure in this study. It describes the objective of the study, the basic for the final analysis the methods of data collection, for selecting samples and limitation of the study. The value of any scientific and systematic study lies in its methodology.

TITLE OF THE STUDY:

“A STUDY ON DISTRIBUTION CHANNEL AT PEPSICO”

NEED OF THE STUDY:

The study was mainly conducted to identify distribution channel Strategy of PepsiCo.

STATEMENT OF THE PROBLEM:

The study was conducted to know the problems faced by the retailers and distributors and their perception towards the company and the customer's perception towards the PepsiCo.

PURPOSE AND OBJECTIVE OF THE STUDY:

The objective of the study was:

- TO know distribution channel Strategy of PepsiCo.
- To know the importance of Distribution channel strategy in Positioning of the product.
- TO know the PepsiCo planning towards the distribution channel strategy.
- How strong relationship PepsiCo has with the distributors and retailers.
- Perception of consumer towards the PepsiCo product.
- Perception of retailers towards the distribution channel of the PepsiCo.

STUDY DESIGN:

“A study design is the arrangement of the condition for the collection and analysis of data in a manner which helps the purpose of the study.” As the study was made on the distribution channel of PepsiCo and such documents being considered confidential, the questionnaire method of surveying the distributor was adopted and separate questionnaire was prepared for the customers and retailers. Each question has 2-4 options, giving sufficient options to the respondents. On the bases of the answers to these questions, the findings are analyzed.

RESEARCH METHODOLOGY:

Method of research- Description research was used.

Tools used for data collection: A questionnaire was structured together the primary Information.

SOURCES OF DATA COLLECTION:

The data has been collected from both primary and secondary methods have been used.

Primary data- It was collected by surveying the distributors of PepsiCo and Retailers and randomly to the customers going to retailers.

Secondary data- it was collected from,

- General library research source like marketing book.
- Advertising journals like magazines and newspaper.
- Internet: PepsiCo website, wiki

Structured questionnaire: Structured questionnaire is a printed list of questions to be filled by the respondents. The structured questions are being made as short as possible and simple to understand. The questionnaire is designed such that it helps to elicit the accurate information.

TOOLS AND TECHNIQUES:

The first hand information was collected by interviewing the Distributor regarding the Strategies followed by the company for distribution channel. A questionnaire was formulated and circulated to the retailers and customers. Hence the survey method is the tool used here for data collection.

SAMPLING DESIGN:

- **Sample unit:** Distributors of PepsiCo, Retailers and customers

- **Sample size:** 100 respondents
- **Sampling technique:** Random sampling
- **Sampling method:** Probability sampling
- **Place of study:** Hyderabad

PLAN OF ANALYSIS:

The questionnaires were tabulated using tally method. The tabulated data was analyzed and inferences were drawn. The tabulated data has been depicted in the form of a graph. The promoters of different brands working there were not taken for sample size.

LIMITATION OF THE STUDY:

- ***Biased-*** The study was purely based on the information provided by the respondents and they may be biased.
- ***Time constraint-*** The study was conducted in a short period of time and a detailed study was not possible.
- ***Cost constraint-*** This being a academic study suffers from cost constraint.
- ***Area constraint-*** The area of study is limited to only Hyderabad city.
- ***Sample constraint-*** The sample size was not large enough as planned, as the time factor was the key limitation in the study.
- ***Confidential constraint-*** Due to confidential constraint certain information, not all details could be obtained.