

Role of Channel of Distribution for Consumer New Product Success in Nepal

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ABSTRACT

This study concerns with channels used to distribute consumer new products and their role for new product success. To distribute consumer new product, distributor or wholesaler are in use. Sales trend of new product is in increasing trend. Distributor/wholesaler are satisfied with product features as well as delivery and terms and conditions of payment. Most of them are satisfied with manufacturer's new product launching strategy. Competitive position of new product is found good. Distributor or wholesale are satisfied with manufacturer's dealing. Distributors are playing significant role for new product success.

Key Words : new product success, channel of distribution, satisfaction

1. Background

Distribution is one of the most important part of marketing mix. The producer does not sale their product directly to final user. There needs middle- man in between producer and consumer is also called channel of distribution which is involved in the process of making a product or service available for use or consumption. The role of such channel for new product success is analyzed in this article. It contains different aspects related with channel of new product like: types of channel used, sales trend of the new product, competitive position, support by producer for product diffusion, market study by manufacturer, product launching strategy of the industry and support to producer by channel for new product success. Besides this, level of satisfaction of channel relating to quality, price, packaging, advertising, branding, labeling, delivery, payment and suggestions of the channel to improve new product success are also analyzed.

2. Study Methods

The study has been based on descriptive (survey cum analytical) research design. Case study approach was followed on different consumer products. It is based on a field survey through questionnaire administration and personal interview.

Sources of information are 39 channel members of new product who has given response representing 58 numbers within a sampled products like soap, biscuit, noodles, cigarette and cold drink. All the tables are not presented in the article but they are available with the writer.

3. Channel's Role For Consumer New Product Success

Channel used for new product distribution are distributor/wholesaler. They have started new product selling before six months to twelve months. Sales trend of majority of new products like biscuits, noodles, soap, cold drinks is increasing but sales trend of ciga-

rette is decreasing.

Table 1
Satisfaction on different factors relating to new product

S. N.	Factors	Scale					Total	Weighted mean value	Rank
		Min	2	3	4	Max			
a.	Quality	- (0)	6 (10.34)	17 (29.31)	24 (41.37)	11 (18.96)	58 (100)	3.68	2
b.	Price	2 (3.44)	6 (10.34)	28 (48.27)	15 (25.86)	7 (12.06)	58 (100)	3.32	5
c.	Packing	- (0)	5 (8.62)	23 (39.65)	24 (41.37)	6 (10.34)	58 (100)	3.53	3
d.	Advertisement	16 (27.58)	17 (29.31)	10 (17.24)	9 (15.51)	6 (10.34)	58 (100)	3.51	9
e.	Branding	7 (12.06)	5 (8.62)	22 (37.93)	18 (31.03)	6 (10.34)	58 (100)	3.18	7
f.	Labeling	6 (10.34)	11 (18.96)	26 (44.82)	11 (18.96)	4 (6.89)	58 (100)	2.93	8
g.	Color	2 (3.44)	4 (6.89)	30 (51.72)	21 (36.20)	1 (1.72)	58 (100)	3.25	6
h.	Terms and conditions of payment & facility	3 (5.17)	1 (1.72)	27 (46.55)	24 (41.37)	3 (5.17)	58 (100)	3.39	4
i.	Delivery	- (0)	4 (6.89)	5 (8.62)	39 (67.24)	10 (17.24)	58 (100)	3.94	1
j.	Any others (please specify)	-	-	-	-	-	-		
	Total	36 (6.89)	59 (11.30)	188 (36.01)	185 (35.44)	54 (10.34)	522 (100)		

The above table 1 shows that the distributor/wholesaler of different sampled consumer products are satisfied with different given factors except advertisement and labeling of product. Because the weighted mean value of these factors is below the average level whereas the mean value of other factors is above the average level.

Weaknesses seen by distributor/wholesaler who are not satisfied with new product launching strategy of manufacturer are:

- SOAP: (a) Weak advertisement & promotion (b) Weak distribution approach (c) Company is not paying attention in every aspect of market (d) Price of the product is high (specially washing powder)
- BISCUIT: (a) Weak advertisement & promotional activities (b) Retailer & consumer scheme is necessary (c) Inadequate allocation of sales force (d) More

competitor and not formulating the matching strategy (e) Terms and condition of producer are not so satisfactory (f) Price of the product is higher.

NOODLES: (a) Advertisement budget is very low (b) Launching strategy directly concentrated to distributor not to consumer (c) Price is higher (d) Weak advertisement (e) Weak marketing strategy (f) Products are not properly marketed (g) Not extra thing and facility on new product.

CIGARETTE: (a) Not sufficient advertisement (b) Not sufficient manpower allowed to contact to customer (c) Not properly utilized the goodwill of the company (d) Lack of well marketing planning and sales forecasting (e) Decision implementation is weak and fluctuating (f) Product quality should improve.

COLD DRINK: (a) New product introduction strategy is weak (b) Weak advertisement & promotional activities (c) Especially, overall marketing strategy except product quality is weak for real fruit juice.

The producers are supporting highly to the channels for new product diffusion. Similarly manufacturer's study the market regularly.

Answer by distributor on support provided to producer for new product success:

SOAP: (a) Payment of invoice on time (b) Distribution support/help (c) Cash deposit given (d) Market improvement support (e) Door to door sales service, etc.

BISCUIT: (a) Focus and help on distribution (b) Timely payment of invoice to producer (c) Market information supply to producer (d) Push sale (e) Credit facility to wholesaler/retailer (f) Expired product replacement to wholesaler/retailer (g) Door to door sales (h) Distribution vehicle made available (I) Provided sales man (j) Help to increase distribution area (k) Help to deliver the goods to lower channel, etc.

NOODLES: (a) Door to door distribution service (b) Advance payment to producer (c) Proper mobilization of sales force (d) Co-ordination with other channel (e) Push sale (f) Credit facility to shopkeeper (g) Timely payment of invoice to producer (h) Advertisement & publicity help (I) Warehouse & transportation facility provided (j) Help to increase distribution area (k) Product diffusion help, etc.

CIGARETTE: (a) Distribution & diffusion help (b) Deposit & bank guarantee given to producer (c) Timely payment of invoice to producer (d) Positive help to producer in every marketing activities (e) Trying to increase the sale of product (f) Helping to increase the market area, etc.

COLD DRINK: (a) Distribution help & timely payment of bill (b) Deposit given (c) Cash purchase of goods (d) Competitor's information supply to producer (e) Help on sales promotion (f) Provided warehouse & transportation facility for selling (g) Posturing help (h) Personal sales force used to increase sales of new product (I) Door to door sales service etc.

Table 2

Satisfaction level from the manufacturer's dealing with regards to new product

S. N.	Product Group	Scale			Total	Weight mean value	Rank
		Not satisfied 1	Moderately satisfied 2	Satisfied 3			
1.	Soap	3 (20)	3 (20)	9 (60)	15 (100)	2.40	1
2.	Biscuit	- (0)	12 (70.58)	5 (29.41)	17 (100)	2.29	2
3.	Noodles	4 (40)	4 (40)	2 (20)	10 (100)	1.80	3
4.	Cigarette	2 (22.22)	4 (44.45)	3 (33.33)	9 (100)	2.11	4
5.	Cold Drink	1 (14.28)	3 (42.85)	3 (42.85)	7 (100)	2.28	5
	Total	10 (17.24)	26 (44.82)	22 (37.93)	58 (100)		

Above table 2 shows that most of the consumer new product distributor/wholesaler are satisfied with the manufacturer's dealings. But noodles distributors are least satisfied.

Question asked to distributor to suggest to manufacturer for the improvement of their new product success was answered as:

SOAP: (a) Improvement on advertisement and publicity (b) Price decrease by controlling the cost (c) Improvement on sales and distribution system (d) Improvement on packaging (e) Efforts for market effectiveness (f) Quality improvement of product (g) Application of wholesaler and retailer scheme (h) Quality control (constant quality) (I) Competitive price.

BISCUIT: (a) Mass advertisement & publicity improvement (b) Sick product replacement (c) Consumer scheme should apply (d) Facility to distributor, wholesaler and retailer should increase (e) Sales promotion is essential (f) Price should be competitive (g) Try to create brand image.

NOODLES: (a) Apply the consumer scheme, (b) producer's meeting with distributor is necessary to improve the market situation (c) Joint meeting of marketing executive and wholesaler of product (d) High concentrate to the customer (e) Study of market should be done and quick decision against competitor's recent strategy (f) Product quality improvement (g) Advertisement and promotion improvement (h) Competitive market price (i) Consumer reaction survey (j) Knowledge of competitor is required (k) New attraction should give to customer (l) Able to compete with other products.

CIGARETTE: (a) Price should decrease (b) New attraction offer to poor market area (c) Pack-

aging of product should be improved (d) Quality of the product should be improved (e) Marketing policy should be improved (f) Customer needs should be focused (g) Taste of cigarettes should be as popular brand taste (h) Company is trying but consumer are not accepting the cigarette.

COLD DRINK: (a) Product should be in different flavor (b) Advertisement & publicity should improve (c) Market survey is necessary to know the reaction of customer (d) Knowledge of competition should develop (e) Product quality should improve (f) Customer scheme should use (g) Door to door sales service is necessary (d) Own showroom of real fruit juice is necessary in different trading centers of the country (I) Quality and its positive effect of real fruit juice should communicate to society.

4. Results and Implications

- 4.1 Many consumer products are distributing all over the country. The main channels used are: producer to distributor to dealer/wholesaler to sub- dealer to retailer to consumer. Channel plays very significant role to extend the market. The main considerations while selecting channel are: market area, population, financial status, sales organization, local prestige, cash deposit etc. Similarly, consideration of geographic and demographic variables for market segmentation strategy is very much important in new product launching. Product elimination, overlap and replacement practice is not in use.
- 4.2 Sales trend of only 50% sampled new product is increasing. Sales of one third products is decreasing. The distributors are not so satisfied with promotional activities and product launching strategy of manufacturer. Business expansion and profit as well as creation of prestige in the society are the main objectives of distributor to sale new products. Market study practice of producer is not satisfactory but distributors are satisfied with many manufacturers' dealings.
- 4.3 Distributors are providing a lot of support to the manufacturer for new product success especially, through timely payment of invoice, cash purchase, market information supply, adequate vehicle facility, credit facility, mobilization of sales force, help in sales promotion, warehouse facility etc. Channel is suggesting to the producer to improve promotional activities, cost control, improvement on packaging, quality standardization, sick product replacement, joint meeting with channel, improvements in sales and distribution system etc.
- 4.4. It is necessary to satisfy to the channels by producer with regards to given factors. Especially, advertisement and sales promotion of new product should highly improve. The manufacturer should improve their new product launching strategy also.
- 4.5. The scale of support by producers to channel must increase with regards to new product diffusion. Similarly, channel suggests that market study practice of new product by all manufacturers should perform regularly. Again, companies should improve the dealings with channels to increase their level of satisfaction. Producers and channel both should try to improve the positive attitude regarding to the new product. Overall satisfaction to channel is essential because market extension and sales volume of new product largely depends on it.

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