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Management Development Institute

## Gurgaon 122 007

## January, 2013

## Channel Strategies in the FMCG Sector

## by

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## Executive Summary

This study of the subject " Channel Strategies in the FMCG sector" aims to describe the FMCG sector in India along with a study of the consumer demographics and buying patterns. Then a detailed description of the mechanics of distribution channels shall be carried out. The role of channels in the FMCG sector shall be analyzed in detail and a comparison of the distribution management of the top FMCG company in the country, supplemented by the author’s own experience with the company he has interned inInnovations and strategy changes in the distribution mechanics shall be deliberated upon and recommendations shall be made as to how issues and problems identified may be rectified, and how the channel strategies may be further streamlined in order to optimize distribution and reduce costs. A brief study of new innovations in distribution channels shall also be outlined. The study involved face-to-face interviews with retailers, regarding the distribution mechanics and the parameters on which the retailers base their order size, schedules and SKU choices. The report concludes with obeservations from Perfetti’s distribution model and a comparision with the distribution model of the market leader.

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## 1. INTRODUCTION

Distribution (or placement) is one of the four aspects of marketing. A distributor is the bridge between the manufacturer and retailer. After a product is manufactured, it may be sent to the warehouse or shipped to the next point in the supply chain, which may be a distributor, retailer or consumer. The other three components of the marketing mix are product management, pricing, and promotion. There may also be a chain of intermediaries, each passing the product down the chain, before it finally reaches the end-user. This is known as the 'distribution chain' or the 'channel.' Each element has it’s own specific needs, which must be taken into account, along with those of the end-user. Distribution channels can have a number of levels. Kotler defined the simplest level; that of direct contact with no intermediaries involved, as the 'zero-level' channel. The next level, the 'one-level' channel, has just one intermediary. In consumer goods a retailer, for industrial goods a distributor. In small markets it is practical to reach the whole market using just one- and zero-level channels. In large markets; a second level, a wholesaler , is now mainly used to extend distribution to a number of small, neighborhood retailers. As a specific focus of this study, FMCG can be described as " Products which have a quick turnover, and relatively low cost. FMCG products are those that get replaced within a year. FMCG goods include a wide range of frequently purchased consumer products such as toiletries, soap, cosmetics, dental care products, shaving products and detergents, as well as other non-durables such as paper products, plastic goods, batteries etc. It may also broadly include  consumer electronics, packaged foods and confectionery. The consumer markets in India are constantly evolving. The first phase of consumer market evolution in the 1980s and the 1990s was characterized by changes in income distribution, increased product availability (in terms of both quality and quantity), increased competition, increased media penetration and improved advertising (impacting lifestyle). These raised the levels of consumer awareness and propensity to consume, etc. The late 1990s, as a result of steady financial sector reforms and innovative marketing , witnessed a surge . The consumer markets in India have entered the second phase of evolution with the turn of the century. The Fast Moving Consumer Goods (FMCG) sector is now the 4th largest sector in the economy with a total market size in excess of Rs 60, 000 crore. India’s villages have 12. 2% of the world population, hence the Indian rural FMCG market makes for a very attractive target segment. FMCG sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, there are immense possibilities for growth. If the companies are able to influence the consumer to purchase branded products and offer the latest products, a higher rate of growth would be guaranteed. Increasing rural income will boost their purchasing power but the demand in urban areas would drive key growth over the long term. Also, increase in the urban population, along with increase in income levels and the availability of new categories, would help the urban areas to maintain their lead. At present, urban India accounts for 66% of total FMCG consumption and rural India accounting for 34%. In rural India, major FMCG categories such as personal care, fabric care, and hot beverages account for 40% of the consumption metrics. In urban areas, home and personal care category, including skin care, household care and feminine hygiene are the growing segments. Within foods segment, processed foods, dairy and baked goods are long-term growth categories in both rural and urban areas. The Indian FMCG industry is expected to grow at a base rate of at least 12% annually to become a Rs. 4, 000 billion industry in 2020. Based on the internship experience of closely working and managing the distribution channel, this aims to be a study of the channel strategies implemented in the FMCG sector in India, detailing the distribution model followed by the author’s company, followed by a study of the distribution methodologies of other top FMCG companies in the country. This study aims to identify the main issues that affect effective and widespread distribution today, while highlighting the salient features of a successful distribution network at the same time. It also aims to study the innovations and new initiatives in distribution channels, and show how distribution channel strategies are also evolving along with today’s rapidly changing consumer and market.

## 2. LITERATURE REVIEW

Distribution encompasses a system of all activities that are related to the transfer of economic goods between manufacturers and consumers. It includes such a coordinated preparation of manufactured goods according to their type and volume, space and time, so that supply deadlines can be met (order fulfillment) or estimated demand can be efficiently satisfiedA distribution channel may be defined as " The route along which goods and services travel from producer/manufacturer through marketing intermediaries (such as wholesalers, distributors, and retailers) to the final user. Channels of distribution provide downstream value by bringing finished products to end users. This flow may involve the physical movement of the product or simply the transfer of title to it. Also known as a distribution channel, a distribution chain, a distribution pipeline, a supply chain, a marketing channel, a market channel, and a trade channel." (Ostrow, 2009). Relationships need to be built not only with clients but also with key suppliers and middlemen when producing and delivering goods or services. Therefore, the whole chain is important for a company. It consists of both " upstream" and " downstream" partners. Suppliers and intermediaries, as well as intermediaries’ clients are included in it. Decisions on channels are considered to be most important, since the chosen channels directly influence all other marketing decisions. Similarly, decisions about channels imply relatively long-term responsibilities to other companies (Kotler, 2001). The choice of these various distribution channels is affected by how much control the producer desire of the distribution. If utilizing a distribution channel which is not direct, the company hands over some of the marketing responsibilities, the sales and the storage of products to the foreign intermediary. Companies have to decide on the number of intermediaries to use at each channel level. Three approaches are available: intensive distribution, selective distribution and exclusive distribution. Intensive distribution is at one end of the scale where the policy is to distribute to as many outlets as possible, and that exclusive distribution is at the other end of the scale, where the policy is to distribute only to one intermediary at a given level in a given geographic area. The middle ground is normally referred to as selective distribution.

## Intensive Distribution

This consists of the manufacturer placing the goods or services in as manyoutlets as possible. This approach is generally used for everyday goods such as milk, bread, tobacco products and soap, products for which the consumer requires a great deal of location convenience. Manufacturers are constantly tempted to move from exclusive or selective distribution to more intensive distribution to increase coverage and sales. Intensive distribution may help in the short term but often hurts long-term performance. (Kotler, 2000). Intensive distribution tends to maximize sales for the simple reason that more outlets increase the possibilities of consumer contact. Yet, this approach means a more elaborate marketing operation at the manufacturer level.

## Selective Distribution

This involves the use of more than a few but less than all of the intermediaries who are willing to carry a particular product. It is used by established companies and by new companies seeking distributors. The company does not have to dissipate its efforts over too many outlets; it enables the producer to gain adequate market coverage with more control and less cost than intensive distribution. (Kotler, 2000) Selective distribution is generally applied on rarely bought goods.

## Exclusive Distribution

This means severely limiting the number of intermediaries. It is used whenthe producer wants to maintain control over the service level and service outputs offered by the resellers (Kotler, 2000). While minimizing costs, exclusive distribution tends to maximize channel goodwill and channel control. It is easier for the manufacturer to have completely satisfactory relationships with a few intermediaries than with many in a given area (Mallen, 1996). Often it involves exclusive dealing arrangements, in which the resellers agree not to carry competing brands. By granting exclusive distribution, the producer hopes to obtain more dedicated and knowledgeable selling (Kotler, 2000). Exclusive distribution is often used on capital goods such as cars. In context of the current problem, currently there are 4 models for channel planning currently in use. Stern (1996) statesReview current and existing information and research on channelsUnderstand the company’s current distribution systemConduct competitor’s channel analysisAssess the available opportunities in existing channelsBased on these findings, create a short-term plan of implementationAccording to Rosenblom (1990), Analyze the role of distribution in the company’s overall objective and strategiesUnderstand the role of distribution in the marketing mix of the companyBased on these findings, design a suitable marketing channelSelecting appropriate channel membersManaging the channelEvaluating performance of the channel membersBerman (1996) statesDetermining the objectives of the channelAssessing the width & depth of the channel and the intermediary requirementsEvaluating the market, product and other factors that affect the channel lengthSelection of the channel re-sellersRevision of the channel arrangementsKotler (2000) statesAnalyze the products and services demanded by the clientsEstablish the objectives to the achieved and restrictions facedIdentify the main channel optionEvaluation of the main channel option

## 3. PROBLEM FORMULATION AND RESEARCH QUESTIONS

## 3. 1 Problem Formulation

One of the most important factors in order for a company to be successful with it’s business is that the distribution channel between the company and end consumers should be efficient and foolproof. The selected distribution channel is often an important part of the company’s business idea. The selection of distribution channel should be discussed, and perhaps even retried, on a regular basis. The selected distribution channel should constantly be under observation to make sure it is utilized in an effective manner. The product should reach the consumer quickly, and at a reasonable cost. Here based on an analysis of the observations during a company stint, the analysis of the variables involved in a successful distribution strategy includingThe objectives of the companyThe consumer’s objectives, needs and buying processSelection of channels and negotiationBuilding contracts and relationshipsChannels managementThese shall be studied and compared with the practices of leading FMCG Majors in the country such as ITC and Hindustan Unilever Limited. Problems faced in distribution strategies shall be identified and an in-depth analysis of innovation and new initiatives in distribution strategies shall be discussed.

## 3. 2 Conceptual Framework

## Key Performance Indicators for the Company

The author has chosen the following performance indicators to judge the performance of the company taking into consideration the segment, the product, the purchase behaviour of the consumer and cultural influences on the product. 1) Innovation – Perfetti has been one of the most innovative companies in the segment, which has enabled it to capture a majority of the market share, amounting to roughly 55 percent of the chewing gum market. It was the first company to introduce gums with a liquid-filled centre called Center Fresh which quickly became very popular as it was a unique product. The company continued to innovate it’s products and expanded the liquid-filled gum concept with it’s products, Centre Fruit – which had a fruit flavoured liquid at the centre and Centre Shock – which had a sour liquid at the centre of the gum. Both these products also went on to become very successful. Another factor which has been a reason for Perfetti’s success is the customization of their products to match Indian tastes. For example the Happydent functional gum was launched in an additional variant which was made exclusively for India - Happydent White which used ayurvedic ingredients as it’s base, thus becoming an ‘ Indian’ product. The Chocoliebe variant of Alpenliebe was also an India-exclusive product at the beginning. This innovation and customization is of the key reasons for the dominance of Perfetti in the Indian confectionary market. 2) Communication – Perfetti has also been at the forefront for it’s product advertising. Most of it’s advertising and promotion is heavily ‘ Indianized’, even for a highly international product such as Alpenliebe. The advertisements feature typically Indian characters and storylines. Even the taglines are in the national language for most of its’ products such as Chlormint – ‘ Dobara Mat Poochna’ (don’t ask again) and Mentos – ‘ Dimaag ki batti jala de’ (lights up your brain). Most of these campaigns have been very successful and have gone on to become cult classics and the taglines have gone on to become part of daily conversations. The campaigns have also gone on to become award winners at advertising festivals (Silver and Bronze at Cannes Lions 2007) and have been adopted by the international Perfetti subsidiaries to promote the products globally. 3) Distribution – Since the confectionery is mostly an ‘ impulse buys’ category traditionally aimed mostly at kids; distribution, placement and visibility become vital parameters to ensure the product’s success. Perfetti has ensured regular visits and supplies by the wholesaler to the retailer to ensure at the entire product range with adequate inventory is available at all times. With the proliferation of malls and other big-name retailers, hypermarkets and supermarkets in the country, the Modern Trade segment has become a vital channel of distribution. Perfetti has ensured it’s presence in this segment by customizing it’s product offerings and ensuring visibility at the Point-Of-Sale for each of it’s customers.

## Steps in Developing a Channel Strategy

The objectives of the companyThe consumer’s objectives, needs and buying processSelection of channels and negotiationBuilding contracts and relationshipsChannels management

## The objectives of the company

These should agree with the strategic marketing planning program, if the company has one, or they should at least be consistent with the price, product and communication strategies. The objectives (goals) should be set in relation to several variables, all related to each kind of channel including: volume, profit, sales margins, inventory, turnover, market share, customer satisfaction, sales expenses, return on investment in channels, inventory expense, overall customer service level, volume (units) by product type, volume per salesperson, volume per quota, volume by product type, profit by product type and others. In terms of behavior-based measures, the most important measures to be considered are service department, warranty claims processing, building/facilities, sales force incentive plans, coverage of trade area, product knowledge/salesperson, selling skills/salespeople.

## The consumer’s objectives, needs and buying process

This step relates to marketing research with final consumers and intermediaries to gain insights about the desirable distribution system from the consumer’s point of view. The high cost of marketing research means that the kind of research that should be done depends on each company and their objectives. Yet, it is very important to build customer-driven distribution systems. First, in a design stage, it is important to establish the service and product expectations held by consumers. In this stage, a qualitative phase to generatea list of relevant service and product attributes based upon customer experience is suggested.

## Selection of channels and negotiation

Once the objective is set, the company can select the channel structure andchannel members, if it has the flexibility to do so. This depends on theavailability of agents in the channel, the kind of relationship that will be builtand several other factors analyzed in the preceding steps.

## Building contracts and relationships

This step involves the design of written or other types of contracts (e. g. oralagreements) with the partners in the channels, or selling in markettransactions or other forms, depending on the suggested coordination formsfrom the previous steps. Other aspects include contractual safeguards againstopportunism in the channel, means of enforcement, adaptations to changedcircumstances, building exit barriers, incentive design and monitoring.

## Channels management

The last step of the process is the channel management. Some aspects relating to building successful partnerships and trust, which are of fundamental importance, will be highlighted here. The suggestion is to use, in management, references and tools of relationship marketing, commitment and trust theories to help channels management.

## MODEL FOR DISTRIBUTION CHANNEL PLANNING PROCESS

## SALES AND DISTRIBUTION PROCESS MODEL

## PERFETTI’S MODERN TRADE DISRTIBUTOR MODEL

## 4. METHODOLOGY

## 4. 1 Introduction to the Company

Perfetti Van Melle is the third largest confectionery manufacturer in the world after Kraft Foods and Mars Incorporated. The company was formed in March 2001 through the merger of Perfetti S. P. A of Italy and Van Melle of Netherlands and in the July of 2006, they acquired Chupa Chups of Spain. The company employs over 19, 000 people in more than 150 companies worldwide and has operations in over 35 companies. It’s areas of presence are Asia Pacific, Europe, Middle East, Africa and the Americas and some of it’s most famous and well-known brands are Mentos, Frisk, Chupa Chups, Fruitella, Alpenliebe, Golia, Happydent, Vivident, Big Babol, Airheads, and Smint. Perfetti Van Melle launched it’s India operations in 1994, with the chewing gum brand Center Fresh, which was an instant hit and which also became the sponsor and the official chewing gum of the Indian cricket team. It was followed by the launch of Big Babol and Alpenliebe in 1995. The other brands offered by Perfetti Van Melle India include Chlormint, Mentos, Fruittella, Cofitos, Happydent and Marbles. The manufacturing units of the company are located in Gurgaon (Haryana), Chennai (Tamil Nadu) and Rudrapur (Uttaranchal) and are backed by a network of 4500 distributors spanning 2000 towns. The Indian arm of the company has more than 15 brands under it’s umbrella with a market size of close to Rupees 30, 000 million, forming approximately a 30% share of the Indian confectionery market.

## SWOT Analysis

## Perfetti’s product range includes

## CONFECTIONERY

Alpenliebe2Choco ElclairsBig BabolCenter FreshChocoliebeHappydent WaveMentosCenter ShockFruitellaSmint

## HEALTHCARE

ChlormintHappydent

## SNACKS

Stop Not

## 4. 2 Research Purpose

To conduct a study of the factors that affect and are essential in the channel strategies of a major FMCG retailer including the steps outlined, based on inputs from various retailers and a comparison with other major FMCG retailers , highlighting the innovations and new initiatives in distribution channels,.

## 4. 3 Research Approach

In order to accomplish the outlined objectives, the study was conducted according to the outlined format. The area of study was Gurgaon the area where maximum research work, The research was descriptive in nature, with the data gathered from interaction with retailers and retail chains.

## 4. 5 Data Collection Method

PRIMARY DATAInterviews: These were conducted during the course of the study at the various FMCG retail outlets in the Gurgaon region. Collected information was analyzed with reference to literature and theoretical models. SECONDARY DATASecondary data was collected mainly through the internet, and from news and scholarly articles.

## 5. EMPIRICAL DATA

Interviews were conducted with various retailers in the Gurgaon region, which were under the purview of Perfetti Van Melle India’s Modern Trade segment. Feedback was taken on the factors which the individual retailers considered critical with regards to the distribution of a particular product. The factors included parametersLocation of the OutletSpace available at the outletCustomer Demographics at the outletFrequency of Sales Representative Visit at the outletSKU offered by the distributorDelivery frequency of the distributorThe outlets covered under this studyLe Marche MGFLe Marche GalleriaLe Marche South PointGarg Dastak Qutub PlazaGarg Dastak DT Mega MallSuper Bakery GalleriaSuper Bakery Old Railway RoadKamal Super StoreSamrat Bakery Ph: 2Modern BazaarLohiya MartCity HeartComplete Super StoreBaker’s OvenFun ShoppeThese outlets can broadly be divided into 3 separate categoriesMajor Retail ChainsLocal Multi-Outlet StoresStandalone StoresTherefore the factors discussed above such as the location, space available, the customer demographics and the daily footfall would differ, thus affecting the product demand and supply frequency of the goods. For the interview results and categorization, please refer to Appendix

## DATA ANALYSIS

From the data gathered during the primary research, we have identified certain unique insights which have been highlighted below.

## Location of the Outlet

The location of the outlet had a major impact on the type of SKU’s ordered by the retailer and the quantity and SKU’s ordered, outlets located in posh areas, and central parts of the city, or within malls were found to order the largest number of SKU’s across all product lines, with a larger emphasis on the high value packs (Rs. 30/- price points), since there was a higher consumer off-take of the same. Whereas the outlets located in the outer regions of the city order lesser amounts of only a selected few items, which were generally the all-time fast movers in it’s category (Eg. Mentos and Center Fresh)

## Space available at the outlet

The space offered/available at the outlet also played a significant role in the types and amounts of SKU’s ordered by the retailers. Since the space available to the outlet , directly corresponds to the amount of footfall that the outlet experiences on an average, and the amount of space it can dedicate to storing products, and indirectly, also the clientele that visits it. Outlets with large amount of space at their disposal such as Garg Dastak and Super Bakery generally ordered a wide range of products in high numbers (200-300 pieces) in order to maintain inventory levels , thus leading to long gaps between stock replenishment.

## Customer Demographics at the outlet

Customer Demographics was the biggest factor in deciding the supply characteristics, major retail chains under the study such as Le Marche supplied catered to the middle and upper-middle class clientele and stocked a very wide range of goods both Indian and imported, and witnessed large footfall everyday thus the stock replenishment time was the lowest, requiring a higher than average frequency of order-taking and supply. The outlet was also frequented by a large number of foreign nationals, thus Perfetti’s products also had to compete with the foreign confectionery brans as well. Local retail chains also had a lower stock replenishment time as compared to standalone outlets

## Frequency of Sales Representative Visit at the outlet

The frequency of the sales representatives visit was an important factor in determining the distribution channel efficiency, with certain retailers with high product off-takes there were visits scheduled every 2 days, whereas retailers with slower product off-takes were visited once a week. This also played a major role in determining retailer satisfaction since there were occasions where the retailer ended up running out of stock, but due to lack of communication, was without stock until the next sales representative visit, thus leading to loss of sales for both the company and the retailer.

## SKU offered by the distributor

The SKU’s offered by the distributor was a relevant factor in the distribution strategy. SKU’s which were in lesser demand (such as the imported mints SMINT) were typically sent out only one a week, since their offtake and demands were low, whereas offerings such as Mentos, Alpenliebe, Big Babol and Happydent, were sent out on a more frequent basis, two to three times a week.

## Delivery frequency of the distributor

This is a critical factor in the distribution strategy of any company, since the quicker the goods are delivered, the quicker is the turnaround time for the next round of ordertaking, and timely and correct deliver of the order can lead to greater distributor trust and increased ordering frequency and volumes.

## PERFETTI’S DISTRIBUTION STRATEGY

Perfetti Van Melle has adopted an aggressive strategy to gain and maintain the top position in the confectionery industry in India It is backed by a wide network of Carry & Forwarding agents, distributors & sales force. It has a network of around 4, 500 distributors spread across 2000 urban towns. Initially, Perfetti followed the booking system of distribution , where the sales representative would make visits to the retail outlets and make bookings and ensure supplies according to the order received. However with it’s acquisition of Van Melle, it gained access to 3 lakh more outlets , which were already dealing in Van Melle’s products , Fruittella and Marbels. However, confectionary being mostly an impulse-buy product coupled with the fact that India’s retail structure with regards to the confectionary market is very diverse, with products being sold in the paan-bidi stores, the kirana stores, all the way up to the departmental stores and major retail chains. Incorporating the results obtained in the interviews conducted, it was observed that in the smaller stores, due to the lack of space for product storage and visibility and also the financial constraint in ordering multiple products and SKU’s, the confectionary ordered was only around Rs. 800-1000 per week, therefore multiple orders for a particular product were placed only once a week, whereas the other visits mostly comprised of small orders for filling up inventory shortages. Perfetti modified it’s strategy based on the fact that, it the sales visit to each outlet was doubled or tripled, it would give the retailer more opportunity to buy and also give the company scope for additional sales, however since the retailer would not want to look at the same brand multiple times a week, he should be given different offering at each sales call. Also, certain Perfetti products in the portfolio competed with each other, both directly and indirectly. For example, both Center Fresh and Chloromint were routinely purchased as mouth-fresheners by the consumer , hence the retailer would pick either one of the two. Therefore Perfetti divided it’s product offerings into 3 categories: P1 , P2 and P3 each of which contained non competing products and were assigned to different distributors, all of which service all the outlets during the week. This model is also increasingly being adopted by it’s competitiors and ensures that stocks at even the smallest outlets don’t go empty during the week. Perfetti also has a distributor delivery time limit of 2 days from the day of order booking, with the order billing being done on day 1. This ensures that there is quick and timely delivery of stock , eliminating the chance for shortages at the outlet and also opens up the outlet for another sales booking opportunity.

## HINDUSTAN UNILEVER’S DISTRIBUTION STRATEGY

Hindustan Unilever is India’s largest FMCG company, providing products products in over 20 categories, leading to sales of over Rs. 14000 crores. It is also one of the country’s largest exporters. The distribution network involves over 4000 redistribution stockists covering 6. 3 million retail outlets. The first phase of the network , involved wholesalers placing orders directly with the company, these orders were then grouped and sent to the head office, which distributed the products to the customer via salesmen, against cash payments. In the second phase , HUL’s focus was more on quality of service. To achieve this, one wholesaler was appointed as a Registered Wholesaler in each market area, from which the salesman distributed stocks through distribution units maintained by the company. This concept was then replaced by the concept of Redistribution Stockists, which provided the distribution units to the company salesmen, another development was the establishment of Company Depots, which acted as a stock point . The duties performed by the Redistribution Stockists include warehousing, financing, indirect coverage and reporting sales and stock dataHUL distributes it’s products through 4000 redistribution stockists , which cover 6. 3 million outlets. This is backed by 35 Carry and Forwarding agents who feed these stockists with supplies.

## Hindustan Unilever’s Distribution Network Schematic

## Project Shakti

Started in the late 2000’ s, this was an initiative to create a partnership between HUL and it’s consumers. It enabled HUL to gain access to the population to 80, 000 of India’s 6, 50, 000 villages. It has partnered with Self Help Groups of individual women. Backed by micro-credit, these women become direct-to-home distributors. The model involves groups of 18-20 villagers taking microcredit from banks to buy products and then sell directly to consumers and one member from the groupis selected as a " Shakti Entrepreneur" who receives stocks from the rural distributor and sells directlry to the consumer. They usually serve 7-9 villages with population ranging from 1500-2000.

## 7. FINDINGS, CONCLUSIONS AND IMPLICATIONS

As a result of the study conducted, and comparison with the market leader in FMCG distribution, certain conclusions pertaining to the distribution can be noted. Products have to be available in the market at all points of time and all points of purchase, this is especially relevant for impulse buy segments , such as confectioneryThe supply of products takes place in fixed quotas, as per demand anticipation and off-take of products in the past. The distribution model is essentially the same for all companies, who try to differentiate on margins, credit periods and try to maximize sales for all their SKU’sThe credit system depends totally upon the position of the product in the market. Companies who are market and segment leaders are hard to bargain with regard to creditsCompanies use their top products / market leaders to push their new / non premium products. Building trust and an efficient delivery schedule with the retailer is of paramount importance, since any gap in the delivery / order taking will create a lack of product in the market, which is a big negative for impulse buy category productsIt is necessary to deepen the distribution channel to ensure maximum SKU exposure, along with widening the channel coverage.

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