

A STUDY ON EFFECTIVENESS OF SUPPLY CHAIN MANAGEMENT AT POPULAR INDUSTRIES, KOCHI

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Abstract—Distribution chain or channel is a main aspect in the marketing process. Distribution in supply chain refers to the distribution of goods from one business to another. Distribution channels can include wholesaler, retailer, distributors, suppliers and even the Internet. The conveyance channel investigate is limited to the portion between the plant stockpiling and the goal commercial centre. The point is to move the products from the plant to the commercial center in the fastest affordable and gainful methods. This is known as the supply chain or physical distribution chain. Popular Candles is one among the leading candle manufacturer focus lot on distribution channel to maximize sales, minimize cost and wastage of raw material. By doing so the company gets a competitive advantage over other firms in same line of business. The prime objective of this project is to study the efficiency of the company to manage the distribution channel and how the company can reduce the cost by adopting efficient methods in distribution. For this purpose, the sample size of 30 people was selected, and the designation of the people selected were limited to executives and other top-level managers but could not include any distributors due to company policy. The findings of the study say that the company must update its distribution system as majority of the workers opined for the same. The study was conducted to understand the distribution system of the company and its effectiveness.

Keywords—Competitive Advantage, Distribution Channel, Marketing, Suppliers, Supply Chain.

INTRODUCTION

Distribution chain or channel is a main aspect in the marketing process. Distribution in supply chain refers to the distribution of goods from one business to another. Otherwise distribution channel is a chain of businesses or intermediaries through which a good or service passes until it reaches the final buyer or the end consumer. Distribution channels can include wholesaler, retailer, distributors, and even the Internet. 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 reaches the final consumer. This process is known as distribution chain or channel. Each of the elements in these chains will have their own specific needs, which the producer must consider, along with those of the all-important end user. The conveyance channel investigate is limited to the portion between the plant stockpiling and the goal commercial center. Channels of conveyance should continually adjust considering changes in the worldwide marketplace. The point is to move the products from the plant to the commercial center in the fastest affordable and gainful methods. This is known as the supply chain or physical distribution chain. Supply chain the board (SCM) has progressed from manual, collaborations, and mechanization focused improvement to introduce day, modernized, and automated joining and coordination of all deftly chain parts.

In any case, to totally comprehend the potential focal points of SCM, associations should get a handle on a data driven system, since data is the key segment in each piece of effortlessly chain headway. Data driven SCM considers further advantages, for instance, reliable mix of business parts, diagram on-read approach to manage effortlessly chain data the board and progressing data straightforwardness. SCM draws intensely from the territories like activity the executives, coordination's, obtainment, data innovation and takes a stab at a coordinated methodology. It really manages coordination and cooperation with its channel accomplices which are explicitly the providers, the middle people, the outsider specialist co-ops in sense their clients. This incorporates gracefully and request the executives inside and over its channel.

REVIEW OF LITERATURE

- Kamal Kumar Rajagopalan (2016) The SCM is very helpful in the satisfaction of the customer to achieve the business from various sources like the suppliers to customers, products, services, and information. The activities like integrity to suppliers, warehouses, transporters, manufacturers, retailers, customers etc can provide a correct and exact product or the services with correct quantity to the correct geographical regions in the correct time. So, making the customers satisfied can reduce the costs of systems. The main aim of SCM is to bring sustainable competitive spirit in the market.
- Martin Christopher, Christopher Martin (2011) The supply chain management and the logistics are combined in the business recently. In present scenario there are many more books and articles related to the supply chain management and logistics than before. The supply chain management and logistics plays a vital role but there are many more corporate which does have a full idea about these fields. These fields have greater value in the organisation in the current situation.
- Stefan Seuring, Martin Muller (2008) In the present scenario the supply chain management has equally focused on both the academics as well as the corporate world. This paper has two tasks to extent this supply chain management. First, this study takes an article on the sustainable supply chain management from various 191 papers from the year 1994-2007. Second, it includes two divisions such as supplier management for risks and better performance, supply chain management for sustainable products. This can create useful to both the academics as well as the companies.
- Ronald H Ballou (2007) In this research paper, all the business activities such as planning, organizing, controlling are been done which includes purchasing, transportation, warehousing, packaging, inventory control, controlling of materials etc. In the present market scenario, the this can make the people to learn better and make solve the problem. The proper decision making and the lower cost with better opportunities can also be done with this study.
- J Buurman, Mc Graw-Hill (2002) The companies are searching for the better creative idea and to deliver the value of business in the present competitive situation. The low cost with better services can also be managed. So, this can create a complete understanding about the customer logistics and the supply chain management.

NEED FOR THE STUDY

The study is needed for the proper communication among the various intermediaries in the supply chain management. The coordination of distribution system in single value chain is very much needed for the supplier relations in the supply chain management. The supplier relations are most needed in the supply chain management for the rapid growth in the industry.

STATEMENT OF THE PROBLEM

The study focuses on the type of distribution channel adopted by the company, its effectiveness in the present scenario. What all are the improvement that can be made. Advantages as well as the disadvantages of the present distribution networks from the perspective of the company. Study of relationship between the company and wholesalers and company and retailer. What all are the factors that are helpful in reducing the cost of the distribution. How can we integrate distribution into a single value chain?

OBJECTIVES OF THE STUDY

- To emphasize the importance of use of technology for reducing the cost of distribution.
- To suggest improvements in existing distribution system.
- To study the relevance of the current distribution system adopted by the company.

SCOPE OF THE STUDY

The area of the study includes different departments like Production, Finance, Hr, Supervisors or workers. It is purely based on the information obtained from the departmental heads of the organization. The project report contains a brief discussion of the various activities of the company and its distribution channel process.

LIMITATIONS OF THE STUDY

- Study is limited to the distribution channel of popular candles.
- Time Frame- there is limited time for completing the project.
- The study could be done only during the working hours of the company.

➤ The result of the study is not free from secondary data.

RESEARCH METHODOLOGY

This project has been used both primary data and secondary data. The primary data are been taken to find new research and the methods used are personnel and Direct investigations, interviews, questionnaires. Secondary data are collected by some other persons for their own use and published. And the collected sources are company Website, company Records, newspapers. Percentage analysis and pie charts have been used to depict the data recorded after the responses made in the questionnaires. The sample design is limited to 30 respondents and it only consists of company executives from various departments. The sampling used for study is convenience sampling.

DATA ANALYSIS AND INTERPRETATION

Popular candles follow a strict and rigid distribution channel to reach the product to its final consumers. The study mainly focused on the impact of petrol prices, cost incurred to retain agents, technological advancements, and control of intermediaries over the company in pricing and after sale services etc. The data analysis and interpretation of the study is shown in the below tables.

TABLE 1: WHETHER THE COMPANY IS SATISFIED WITH THE PRESENT DISTRIBUTION SYSTEM

	<i>Number of respondents</i>	<i>Percentage</i>
Yes	19	63%
No	11	27 %

As per the data collected from the study, 63% of the respondents are satisfied with present distribution system adopted by the company has three tier distribution system to reach the customers which include agents, wholesalers, and retailers. But 37 % of the respondents are not satisfied with present distribution system and of the opinion that it needs improvement.

TABLE 2: DOES THE COMPANY FEEL THAT ITS DISTRIBUTION SYSTEM IS OUTDATED

	<i>Number of respondents</i>	<i>Percentage</i>
Yes	21	70 %
No	9	30%

As per data collected from the study 70% of the respondents are of the opinion that the present system is outdated and is not satisfied with it and requires a new update to the present system. But 30 % of the people are of the opinion that the present system is not outdated and does not need any improvement to reduce cost.

TABLE 3: COMPANY HAVE DIFFERENT DISTRIBUTION CHANNELS FOR DIFFERENT GROUP OF CUSTOMERS

	<i>Number of respondents</i>	<i>Percentage</i>
Yes	22	73 %
No	8	27 %

As per data collected from the study 73% of the respondents are answered affirmatively to the presence of different distribution channels for different customers. But 27% reacted negatively to presence of different distribution channels for different customers.

TABLE 4: NUMBER OF INTERMEDIARIES ARE PRESENT FOR THE LONGEST DISTRIBUTION CHANNEL

	<i>Number of respondents</i>	<i>Percentage</i>
0-5	6	20 %
5-10	24	80%
10-20	0	0
20 or more	0	0

As per the data collected from the study, 20 % of the respondents affirmed to the presence of 0-5 intermediaries in the distribution channel, 80% of the respondents affirmed to the presence of 5-10 intermediaries in the distribution channel. No responses were made 10 or more intermediaries. Thus, we can conclude that intermediaries present are near to more than 5 but less than 10.

TABLE 5: COMPANY FEEL THAT PRESENT DISTRIBUTION CHANNEL IS ADEQUATE ENOUGH TO REDUCE THE OVERALL COST

	<i>Number of respondents</i>	<i>Percentage</i>
Yes	14	44 %
No	16	56%

As per the data collected from the study 56% of the respondents feel that present distribution channel is not adequate enough to reduce the overall cost and 44% of the respondents feel that present distribution channel is adequate enough to reduce the overall cost. This means that company needs improvements in the way the distribution channel is maintained.

TABLE 6: RISE IN PETROL PRICE HAS AFFECTED THE OVERALL COST OF DISTRIBUTION

	<i>Number of respondents</i>	<i>Percentage</i>
Yes	11	37 %
No	19	63 %

As per the data collected from the study 63 % of the respondent believe that petrol price has not affected the overall cost of distribution and 37 % believes that petrol price has affected the overall cost of the distribution. Respondent in favour of petrol price being not affected stated that the transportation cost as reduced by increasing the increasing the number of intermediaries in the distribution channel.

TABLE 7: COMPANY KEEP TRACK OF NEW VEHICLE FACILITIES WHICH REDUCE TRANSPORTATION COST AND INCREASED CARRIAGE

	<i>Number of respondents</i>	<i>Percentage</i>
Yes	18	60 %
No	12	40 %

As per the data collected from the study, 60% of the respondents reacted affirmatively to the fact the company is keeping track of the vehicle facilities that are more economical for transportation .But about 40% of the respondents believe that the company is not tracking the vehicle facilities which are economical for transportation.

TABLE 8: COMPANY USE ANY TECHNOLOGICAL FACILITIES LIKE CUSTOMIZE SOFTWARE FOR REDUCING LEAD AND LAG TIME

	<i>Number of respondents</i>	<i>Percentage</i>
Yes	13	43 %
No	17	57 %

As per the data collected from the study, 57 % of the respondents stated that company does not use any technological facilities like customized software for reducing lead and lag time and 43% of the respondents stated that company use technological facilities like customized software’s for reducing lead and lag time.

TABLE 9: COMPANY COLLECT FEED BACKS AFTER DELIVERY OF PRODUCTS

	<i>Number of respondents</i>	<i>Percentage</i>
Yes	10	33%
No	20	67%

As per the data collected from the study 33 % of the respondents stated that the company collect does feed backs after the delivery of products. Collection of feed backs is essential for understanding the customer trend and areas of improvements in delivery.

TABLE 10: PART OF THE DISTRIBUTION SYSTEM IS INCURRING LOSS

	<i>Number of respondents</i>	<i>Percentage</i>
Transportation	4	13%
Agent retention	4	13%
Wholesaler	20	67%
Retailer	0	7%

As per the data collected from the study, 13% of the respondents stated that the company is incurring loss in transportation. 13% respondents stated that the company is incurring loss in Agent Retention. 67% of the respondent stated that the company is incurring loss in dealing with the wholesaler. 7% of the respondents stated that the company is incurring loss in dealing with the retailers.

TABLE 11: INTERMEDIARIES HAVE INFLUENCE OVER PRICING OF PRODUCTS

	<i>Number of respondents</i>	<i>Percentage</i>
Yes	4	13%
No	26	87%

As per the data collected from the study, 87% of the respondents stated that the company is having control over its pricing of products and intermediaries have no influence over pricing of products and 13 % of the respondent stated that its intermediaries have influence over pricing of products.

TABLE 12: INTERMEDIARIES HAVE GREATER CONTROL OVER PRICING

	<i>Number of respondents</i>	<i>Percentage</i>
Agents	0	0
Wholesaler	15	50%
Retailer	15	50%
Any other	NIL	0

As per the data collected from the study, agents have no influence over pricing over pricing of products. But wholesalers and retailer have equal control over pricing. 50% of the respondents in favour of wholesalers and another 50% in favour of retailers. Influence of intermediaries is an essential factor in determining the price of the products as well as helpful in determining relationship maintained by company with their intermediaries.

TABLE 13: PROCESS OF DISTRIBUTION IS PART OF SINGLE VALUE CHAIN

	<i>Number of respondents</i>	<i>Percentage</i>
Yes	13	43%
No	17	57%

As per the collected from the study,57% of the respondents stated that the process of distribution is not part of single value chain. And 43% of the respondents stated the process of distribution is part of single value chain. Distribution being part of a single value chain helps the company to plan and forecast demand and supply the required products to the intermediaries at the right time.

TABLE 14: COMPANY HAVE ANY CHANNEL PARTNERS TO REGULATE DISTRIBUTION

	<i>Number of respondents</i>	<i>Percentage</i>
Yes	9	30%
No	21	70%

As per the data collected from the study .70 % of the respondents stated the company is having channel partners to regulate the distribution. But 30% of the respondents stated that company is having partners to regulate the distribution. Channel partners are usually companies which handles the whole process of distribution of the main company. Popular candles do not have any channel partners.

TABLE 15: NUMBER OF EMPLOYEES IN THIS INDUSTRY

<i>Number of employees</i>	<i>Percentage</i>
Women	80 %
Men	20 %

As per the study, 80% of the employees are women and also 20 % are men workers in this industry.

Table 16: Transportation and Logistics facility

<i>Opinion</i>	<i>Number of respondents</i>	<i>Percentage</i>
Always	0	0
Sometimes	2	10
Rarely	4	20
Never	14	70

From the above diagram, 70% of the dealer say that Popular candles never provide transportation.

TABLE 17: WHAT TYPE OF CONSUMPTION MADE BY RESPONDENTS

<i>Particulars</i>	<i>Number of respondents</i>	<i>Percentage</i>
Regular	55	55
Occasional	45	45
	100	100

The data gives the nature of purchasing behaviour of the customers. 55 % of the respondents are the regular customers of the products. 45% of the respondents have the nature of purchasing as occasionally.

FINDINGS OF THE STUDY

- As per the study 63% of the respondents are satisfied with present distribution system. But 70% of the respondents are of the opinion that the present system is outdated and satisfied with it and requires a new update to the present system .Thus we can conclude that the present distribution is seen only as a way to reach customers and it requires scientific management for overall cost reduction. Predicting the demand by analyzing the inventory, warehousing optimum level of goods, and delivering goods on time are the essential components of a goods distribution system. Hence the company works upon the order given by the agent who collects information from wholesalers and retailers. This system is acceptable but is conservative and can increase overall cost which includes holding costs etc.
- As per the study 80 % of the respondents affirmed to the presence of 5-10 intermediaries in the distribution channel. This method through increase the coverage of distribution, it also increases the risk factor of channel control. In the channel mechanism, power refers to the capacity of a channel member to control or influence the behaviour of another channel member. Though none of the channel members have control over pricing of products this is mainly because the nature of the product is a saturated one. If we take the case of product life cycle of candles it is going through a stage between maturity and decline. The only way to increase profit is by improving the product and improving the marketing mix which includes effective distribution. Here both wholesalers and retailer have equal control over distribution of the products and agents only act as a connecting link between the wholesaler and retailer.
- As per the study 67% of the respondents stated that the company is incurring loss idealing with the wholesaler. Thus, the company is not reaching up to its potential.
- As per the study, 67% of the respondents stated that the company does not collect feedback after the delivery of products. Understanding customer feed is essential for innovation and trends. Company so far invested in product differentiation and made many innovations in the product, but all the products only attract the customers eye not the mind. To improve the sales, it is essential to bring about a change in the strategy relating to marketing mix which have the potential to make a trend setter. To derive such strategy collection of customer feedback is essential.
- As per the study 57 % of the respondents stated that company does not use any technological facilities like customized software for reducing lead and lag time and 57% of the respondents stated that the process of distribution is not part of single value chain. Integration of distribution system into single value chain by way of ERP software has dramatically increased the profit of many companies. The company is at a stage between maturity and decline, yet it lacks a good ERP system or awareness of any in the company.

SUGGESTIONS/ RECOMMENDATIONS OF THE STUDY

Even though company has made some presence in the candle manufacturing industry there are some issues the company has to check into. They are: -

- Company also must take effort to collect feedbacks from the customers to understand the trend and to get an outlook on how effective the present distribution channels is.
- Company should also opt for direct selling through online profile.
- Company should also opt for Advertising. So, it can reach in the mind of customer.
- Company's success also depends on the management of communication among member of the study chain. It is advisable to provide information to the right person at the right time and connect the links in such manner that everybody should feel that they have contributed to the company.
- It is also advisable to incur investment in advertisements as now the company's focus is on scented candles. Emotional advertisements are more suitable. This will improve sales.
- The company should update the way their distribution channel works. It is concluded from the study that majority of the employees want an update in the way distribution works.
- It is advisable to remove agents and collect with wholesalers to understand their needs. Inclusion of middlemen can lead to collection of erroneous data.
- It is also advisable to integrate ERP software connecting users which are vital to supply chain covering top level management, company executives, and distribution into the system which will reduce communication gaps and increases transparency and loyalty.

CONCLUSION

Distribution is an important element in any manufacturing company. The study was conducted to understand the distribution system of the company and its effectiveness. The company followed a three-tier distribution channel system which consists of agent's wholesalers and retailers. The distribution channel adopted by the company is effective but can be improved by integrating a participative enterprise resource planning. The company must update its distribution system as majority of the workers opined for the same. Popular Candles enjoys a major market share in Kerala. It is easy for the company to make amends to the present distribution system. The company can now maximize their profits only through adopting strategies to minimize cost and investing more in marketing mix.

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