

# A COMPARATIVE STUDY ON DISTRIBUTION MANAGEMENT OF INCENSE STICKS BY RETAILERS- A SPECIAL REFERENCE TO CYCLE PURE AGARBATTIS.

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## ABSTRACT

The purpose of the present study is to compare the distribution system by the retailers of incense sticks in their respective retail stores. For the purpose of the study 3 retailers were taken as samples and interviewed. The variables taken for the study were On-time delivery, Cost effectiveness, Additional services, Inventory management and Availability at place. The questions based on the above variables were asked to the 3 chosen retailers one of them being the retail outlet of Cycle Brand (Cycle.in). The other two retail stores were “Always Foodstuff” and “Kamadhenu Supermarket”. The qualitative research was made and comparison of the retail stores were made and found that, the availability of the variants of incense sticks of same brand were more in the company’s retail outlet (Cycle.in), but there are more competitive products in the general retail stores. The company retail outlet had employees exclusively meant for their products, but the employees in general retail stores were not concentrating only on Cycle Pure agarbathies. As there were other products also in the general retail stores, home delivery was not difficult. It is only after COVID pandemic, home delivery of incense sticks in company outlet has become a practice. The profit margin in company retail outlet (Cycle.in) was 15% whereas the profit margin of the general retail stores was 20%+3%. The similarities between the retail stores were the payment practice to the vendors and the mode of payment customers chose for purchase. The time period taken by the suppliers to supply products to the retail outlet was one day whereas the company retail outlet also would put purchase order also a day before the need. The general store would sell the other brand incense sticks if the product which customer needs in Cycle brand is not available. But the company retail outlet will make sure it provides that product. The study concluded that the general retail store has the similar distribution management as that of the company retail outlet, but does not concentrate particularly on Cycle brand as they need to sale the products and are not brand conscious. Whereas Cycle.in stores exclusively concentrates on Cycle Brand agarbathies and will provide the brand which customer need.

**KEYWORDS:** Distribution management, On-time delivery, Cost effectiveness, Additional services, Inventory management, Availability at the place.

## 1. Introduction

Distribution management is the process of managing the movement of goods from manufacturer end to customer end. There will be number of activities which will add value to the product in each stage the product reaches. Distribution channel include wholesalers, retailers, distributors, and the internet in today's channel. It consists of activities such as warehousing, materials handling, packaging, stock control, order processing and transportation. Distribution channel means a process by which the products are transferred with value addition. There will be many middle men in the channels of distribution, the final person being a retailer. A retailer performs various activities to make sure the product is sold in his retail stores. The activities include, sorting out, accumulation, allocation and assortment. Channels of distribution for a product is very important because the product in one place is scattered before its actual consumption. Hence, there will be huge gap between the manufacturers and the consumers. Channels of distribution fills this gap. A middle man, specially a retailer plays a major role in customer oriented demand. They are specialists in concentration equalisation and dispersion. Channel of distribution also helps in achieving the marketing objectives of a company. A retailer is the merchant intermediary who buys product from preceding channels in smaller assorted lots to suit the individual consumer requirements. Retailer is the final middleman in the channel of distribution.

## **2. Experimental Methods or Methodology**

### **2.1 RESEARCH DESIGN**

This section tells about how the study was done and the methods of sampling and the detailed methodology of the study will be explained. The purpose of the study is to understand the distribution management of retail stores of cycle pure agarbathies and their performance. One of the retail stores taken was the company outlet, Cycle.in.

### **2.2 OBJECTIVE OF THE STUDY**

The objective of the study is to understand the distribution management by retail stores of incense sticks.

### **2.3 DESCRIPTION OF VARIABLES**

For the purpose of study five independent variables were chosen. The independent variables chosen are On-time delivery, Cost effectiveness, Additional services, Inventory management and Availability at the place.

The dependent variable in the study is Distribution management.

### **2.4 INDEPENDENT VARIABLES**

The independent variables are On-time delivery, Cost effectiveness, additional services, Inventory management and availability at the place.

**On-time delivery:** On- time delivery refers to the specific date or time which the company or a retail stores agrees to deliver the product at the time of taking the orders. It is the ratio of finish goods or shipments delivered on time to customers as a percentage of total units delivered or shipped.

**Cost effectiveness:** Cost effectiveness is the degree to which something is effective or productive in relation to its cost. It is the economic analysis that compares the relative costs and outcomes of different courses of action.

**Additional services:** Additional services means any service which are not mentioned prior but performed by the transfer of agent upon the request of the customer.

**Inventory management:** Inventory management refers to the process of ordering, storing and using a company's inventory.

**Availability at the place:** It means availability of the products in the stores when the customers' needs it.

**2.5 DEPENDENT VARIABLE** Distribution management: Distribution management refers to the process of the moving goods from supplier or manufacturer to the final customer. It involves numerous activities which add value to the product in each level.

## **3. Results and Discussion**

**3.1** The answers given by the retailers were recorded for the purpose of study and compare them.

Following is the answers recorded in the tabular form based on the questions asked.

<b>BASED ON ON-TIME DELIVERY</b>			
<b>SL.NO</b>	<b>CYCLE.IN</b>	<b>ALWAYS FOODSTUFF</b>	<b>KAMADHENU SUPERMARKET</b>
1	Home delivery is most stressful	Stock availability is most stressful	Stock availability is most stressful
2	In par order calculation is done for calculating performance	Ready unit measure calculation is done for calculating performance	Ready unit measure calculation is done for calculating performance
3	Same day delivery is given to customers	Same day delivery is given to customers	Same day delivery is given to the customers
4	Shortage of workers in stores is the main reason for delay in delivery	Product non availability is the main reason for delay in delivery	Product non availability is the main reason for delay in delivery
5	Physical/direct purchase is more in the stores	Physical/direct purchase is more in the store	Physical/direct purchase is more in the stores

<b>BASED ON COST EFFECTIVENESS</b>			
<b>SL.NO</b>	<b>CYCLE.IN</b>	<b>ALWAYS FOODSTUFF</b>	<b>KAMADHENU SUPERMARKET</b>
1	Cash payment is more in the stores by customers	Cash payment is more in the stores by customers	Cash payment is more in the stores by customers
2	Payment is made through cheque to the suppliers	Payment is made through cheque to the suppliers	Payment is made through cheque to the suppliers
3	Transportation charges are borne by suppliers	Transportation charges are borne by suppliers	Transportation charges are borne by suppliers
4	15 days credit period is taken by the suppliers for payment	15 days credit period is taken by the suppliers for payment	15 days credit period is taken by the suppliers for payment
5	15% profit margin is kept by the stores	20%+3% profit margin is kept by the stores	20%+3% profit margin is kept by the stores

<b>BASED ON ADDITIONAL SERVICES</b>			
<b>SL NO</b>	<b>CYCLE.IN</b>	<b>ALWAYS FOODSTUFF</b>	<b>KAMADHENU SUPERMARKET</b>
1	Home delivery is available only post COVID	Along with the other products from the stores, home delivery is done	Along with the other products from the stores, home delivery is done
2	Visual display of products in stores entrance is done	The products are placed in the shelves and retailer inform about the product	The products are placed in the shelves and retailer inform about the product
3	There are 3 employees in the stores	The retailer himself manages the product along with other products	One employee is meant for the agarbathies section

<b>BASED ON INVENTORY MANAGEMENT</b>			
<b>SL NO</b>	<b>CYCLE.IN</b>	<b>ALWAYS FOODSTUFF</b>	<b>KAMADHENU FOODSTUFF</b>

1	The order of products to supplier is given one day prior	The order of products to supplier is given weekly once	The order of products to supplier is given weekly once
2	The additional products are kept in go down	The additional products are kept in go down	The additional products are kept in go down
3	The retailer promotes the new product by convincing the customer to buy it when the product demanded is not available. In case the customer wants a particular product, it is brought from the go down and is given to the customer	The retailer does not take any extra effort to sell the cycle pure agarbathies product. If the product is not available, then the competitor's product is given to the customer	The retailer does not take any extra effort to sell the cycle pure agarbathies product. If the product is not available, then the competitor's product is given to the customer
4	Good luck product is fast moving in the stores	3in1 cycle pure agarbathies is fast moving in the stores	3in1 cycle pure agarbathies is fast moving in the stores
5	Vasu 100 is not fast moving in the stores	Godhooli cycle pure agarbathies is not fast moving in the stores	Godhooli cycle pure agarbathies is not fast moving in the stores

<b>BASED ON AVAILABILITY AT THE PLACE</b>			
<b>SL NO</b>	<b>CYCLE.IN</b>	<b>ALWAYS FOODSTUFF</b>	<b>KAMADHENU SUPERMARKET</b>
1	There is no particular product which is in demand but not available in the stores	There is no particular product which is in demand but not available in the stores	There is no particular product which is in demand but not available in the stores
2	There are 8 variants of the similar fragrance in the store	There are 14 variants of the similar fragrance in the stores	There are 12 variants of similar fragrance in the stores
3	There are products available with similar price range	There are products available in similar price range	There are products available in similar price range
4	The retailer orders one day prior to the stock exhausts	The order is given on weekly basis based on requirement	The order is given on weekly basis based on requirement

### 3.2 INTERPRETATION

#### SIMILARITIES BETWEEN THE THREE STORES

The distribution system in all the three retail stores are similar in design.

#### Based on On-Time Delivery:

- All the retail stores have the customers who visit the stores directly and purchase Cycle pure agarbathies compared to indirect purchase.
- The product of cycle pure agarbathies are delivered to the customer on the same day of order purchase.

#### Based on Cost Effectiveness:

- In all the three retail stores considered for the study, cash payment by customers are more.
- All the three retail stores make cheque transaction to the suppliers

- The transportation charges are borne by the suppliers for transporting the products to all the three retail stores.
- All the three retail stores take 15 days' credit period from the suppliers for payment.

**Based on Additional Services:**

- There were no similarities found among the three retail stores.

**Based on Inventory Management:**

- The additional stock would be kept in their go down by all three retail stores

**Based on Availability at place:**

- There was no particular product which was on demand and not available in any of the three stores chosen.
- All the three retail stores had products with similar price range.

### **3.3 DIFFERENCES BETWEEN THE THREE RETAIL STORES**

**Based on on-time delivery:**

- Cycle.in stores found “home delivery” as the most stressful part for on-time delivery. Whereas the other two retailers (“Always foodstuff” and Kamadhenu Supermarket”) found non availability of the products as the most stressful part for on-time delivery.
- Cycle.in stores calculates in par order calculation for calculating the delivery performance. Whereas the other two retail stores (“Always foodstuff” and Kamadhenu Supermarket”) calculates in ready-unit measure calculation for calculating the delivery performance.
- Shortage of workers is the main reason for delay in delivery in Cycle.in stores. Whereas the other two retail stores (“Always foodstuff” and Kamadhenu Supermarket”) finds the non-availability of the products in retail stores as the main reason for delay in delivery.

**Based on Cost-effectiveness:**

- The profit margin of Cycle.in stores is 15%. Whereas the profit margin of other tow retailers (“Always foodstuff” and Kamadhenu Supermarket”) is 20%+3%.

**Based on Additional services available:**

- Home delivery in Cycle.in stores is available only post COVID. Whereas the other two retail stores (“Always foodstuff” and Kamadhenu Supermarket”) has home delivery services apart from COVID situation also.
- Cycle.in stores has exclusive visual display of the new products of Cycle pure Agarbathies and the other products of NRR. Whereas the other two retail stores (“Always foodstuff” and Kamadhenu Supermarket”) the products are placed in shelves and the retailer informs about the product to customer.
- There are 3 employees in Cycle.in stores exclusively. Whereas Always Foodstuff retail stores is handled by one single retailer who manages all the products. Kamadhenu Supermarket has allotted 1 employee for Pooja section where Cycle pure agarbathies are also placed and he/she will take care of their sales.

**Based on Inventory Management:**

- The products are ordered one-day prior in Cycle.in stores. Whereas the other two retail stores (“Always foodstuff” and Kamadhenu Supermarket”) order the products on weekly basis.
- Cycle.in stores makes an attempt to convince about the new product when the product demanded is not available. Whereas the other two retail stores sell the competitors product if the product of Cycle pure agarbathies is not available.
- “Good luck” pouch of 100 sticks is fast moving in Cycle.in stores. Whereas “3in1” Cycle pure agarbathies is fast moving in other two retail stores (“Always foodstuff” and Kamadhenu Supermarket”).
- “Vasu 100” is not fast moving in Cycle.in stores. Whereas “Godhooli” is not fast moving in other two retail stores (“Always foodstuff” and Kamadhenu Supermarket”).

**Based on Availability at Place:**

- There are 8 variants of the similar fragrance in Cycle.in stores. Whereas the other two retail stores (“Always foodstuff” and Kamadhenu Supermarket”) has 14 variants of similar fragrance.
- To make sure of the availability of the products, Cycle.in stores orders the product one day prior to the stock likely gets closed. Whereas the other two retail stores (“Always foodstuff” and Kamadhenu Supermarket”) orders the product on weekly basis.

**CONCLUSION**

The study concluded that the general retail store has the similar distribution management as that of the company retail outlet, but does not concentrate particularly on Cycle brand as they need to sale the products and are not brand conscious. Whereas Cycle.in stores exclusively concentrates on Cycle Brand agarbathies and will provide the brand which customer need.

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