

**Marketing Distribution Channel of FMCG Goods in the
premises of Jogindernagar, Mandi District (HP)**

Project Report

by

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(H-2018-17-ABM)**

submitted to



**Dr. YASHWANT SINGH PARMAR UNIVERSITY
OF HORTICULTURE & FORESTRY
SOLAN (NAUNI) HP -173230 INDIA**

in

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of

**MASTER OF BUSINESS ADMINISTRATION
(AGRI-BUSINESS)
DEPARTMENT OF BUSINESS MANAGEMENT
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CERTIFICATE I

This is to certify that the project entitled, “**Marketing Distribution Channel of FMCG Goods in the premises of Jogindernagar, Mandi District (HP)**” has been submitted to Dr. YS Parmar University of Horticulture and Forestry, Nauni, Solan (H.P) by Shivani Singh (H-2018-17-ABM) in partial fulfillment for the award of degree of Master of Business Administration programme. This project is done under my supervision and the assistance that they receive during the course of this investigation has been fully acknowledged that no part of this project has been submitted for any other degree or diploma.

Date:
Place: Nauni-Solan

**Dr. Krishan Kumar
Project Advisor**

CERTIFICATE II

This is to certify that the project entitled, “**Marketing Distribution Channels of FMCG Goods in the premises of Jogindernagar, Mandi District (H.P.)**” has been submitted to Dr. Y.S Parmar University of Horticulture and Forestry, Nauni, Solan (H.P.) by Shivani Singh (H-2018-17-ABM) in partial fulfillment of the award of degree of Master of Business Administration. This project has been approved by the examination committee after conducting an oral examination in collaboration with the external examiner.

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CERTIFICATE III

This is to certify that the project entitled “**Marketing Distribution Channels of FMCG Goods in the premises of Jogindernagar, Mandi District (H.P.)**” has been submitted to Dr. Yashwant Singh Parmar University of Horticulture and Forestry, Nauni, Solan (H.P.) by me in partial fulfillment of the Master of Business Administration programme is my original work and no part of the project has been copied from any other source. Information used from other sources has been duly acknowledged by me.

Date:

Place: Nauni (HP)

Student’s Signature

Student Name: Shivani Singh

Roll No :(H-2018-17-ABM)

CERTIFICATE IV

This is to certify that all the corrections/amendments suggested by the external examiner have been incorporated in the project entitled, “**Marketing Distribution Channels of FMCG Goods in the premises of Jogindernagar, Mandi District (H.P.)**” which has been submitted to Dr. Yashwant Singh Parmar University of Horticulture and Forestry, Nauni, Solan (H.P.) by Shivani Singh (H-2018-17-ABM) in the partial fulfillment for the award of degree of Master of Business Administration.

Dr. Krishan Kumar
Project Advisor

(Dr. Krishan Kumar)
Head of the Department

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ॐ नमः शिवाय

Om Namah Shivaya

Matter cannot be created nor destroyed. Everything you see around you was present at the moment of creation and you are a part of it. Fact is those atoms in your body were once out in space with stars. And now they make up you. If your personality wouldn't be the one you have today. The way in which those atoms, cells, star dust got together and made you will never happen again. You are unique; we all are unique in our own ways. There will never be another you. Now get, celebrate that and inspire self.

*“It is certainly not possible to prepare a project report without the assistance and encouragement of the people. This one is certainly no exception.” On the very outset of this report, I would like to extend my sincere and heartfelt obligation toward the entire personage who has helped me in this endeavor. Without the guidance, help, co-operation and encouragement, I would not have made headway in the project. I'm ineffably indebted to multitalented and innovative Advisor **Dr. Krishan Kumar** (Professor & Head, Department of Business Management) for his guidance, keen interest, discreet approach, strong and constructive criticism thereby bringing in extrication in my work I express my heartfelt gratitude to all the faculty members, starting with my favorite **Dr. Piyush Mehta, Dr. Rashmi Chaudhary, Mrs. Neena Ghonkrokta, Dr. Yasmin Janjhua, Dr. Nisha Raghuvanshi Dr. Rahul Dhiman and Dr. Kapil Kathuria** for their precious support and guidance.*

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Any omission in this brief acknowledgement does not mean lack of gratitude

Place: Nauni, Solan

Dated:

(Shivani Singh)

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Chapter-1

INTRODUCTION

Fast moving consumer goods (FMCG) sectors are the fourth largest sector in our Indian economy. India is a hub of FMCG goods. There are enormous national and multinational brands serving their products to billions of people and giving rise to immense capital. The biggest competitor in the market is ITC. The next on the list are HUL, Godrej, Colgate and many more. FMCG goods are short lived because of high consumer demand (example Dairy Products). These products are acquired frequently, are consumed swiftly, are priced low and are also sold in great quantities. Companies like ITC, Colgate, and Cadbury have been a dominant force in the FMCG sector well carried by relatively competitiveness and high entrance barrier. All these companies were able to charge reward for their goals. Through the nineties, the FMCG sector almost grew about 15 per cent annum in value. Instantaneously, in 2000 FMCG market growth obstructed and then it was declined for the next four years. An extreme drop in interest rate from 18 per cent to 8 per cent led to eruptive demand for the customers like for automobiles and two-wheeler vehicles. The owners of mobile phones were denoted due to its bewildering lifestyles and benefits under such good and low price. The sector like entertainment and travel were also boomed.

The attempt of new expenditure and avenue in the products, services led the consumers to restrict their purchasing power of FMCG goods. This resulted in the declined value of FMCG for almost 4 years that created a challenge to grow. By observing the FMCG sector it is observed that the demand growth is growing again, with new innovative channels, higher usage - having affordability in the goods. As a result, we see development in the growth sector in FMCG market. FMCG can be divided into several categories:

- Beverages- Bottled water, juices, Energy Drinks etc.
- Baked Goods- Oats cleaner, Baking Soda, Glass cleaner etc.
- Cosmetics and Toiletries- Hair Care products, make up, concealers, toothpaste and soap.
- Fresh, Frozen foods and Dry goods- Fruits, Frozen peas, frozen corn, vegetable etc.
- Medicines- Pain killers, Aspirin etc.
- Processed Goods- Pasta, Cereals, cheese products, Dairy products etc.
- Prepared Meals- Ready to eat meals.

- Office Supplies- Pencil, Markers, sketches, Pen etc.

Evolution of Indian FMCG Sector

Due to the low purchasing power of the Indian common people, the FMCG's industry during 1950 to 1980 has invested very low and limited. Nevertheless, the entrance of the washing powder Nirma changed the whole Indian FMCG Sector. The company mainly focused of 'value for money' and made products like detergents so reasonably to afford that even for the lower level of the society. The Multinational companies like HUL noticed that the rural market has undiscovered potential in India. The relaxation of norms by the government of India also encouraged these companies to go for large economies and to make the FMCG products more affordable for the people.

One of the biggest turn that hit the FMCG sector was the 'Sachet' idea. This was one of the single best innovations to reach novel users and expand market share for value added goods. The emergence of companies like Jyothi Lab, 'Ghari Detergent' and 'anchor' tooth paste seems to give a fair competition to big FMCG companies.

SWOT Analysis of FMCG'S Industry

Strength	Weakness
<ul style="list-style-type: none"> • Presence of well-known brands in FMCG industry • They have low operational cost. • Established distribution networks in both urban and rural areas. • Deep roots in the local culture 	<ul style="list-style-type: none"> • There are decline in export level. • There are many mimic brands. • Lower scope of investing in technology and achieving economies of scale, especially in small sectors
Opportunities	Threats
<ul style="list-style-type: none"> • They have large scope for Domestic market. • They change the life style and raise the level of income. • Potential in export. • Merger publicly of hotel chains to increase in market share. 	<ul style="list-style-type: none"> • They keep on increasing cost of raw materials. • The slow demand in rural areas. • Structure of tax and regulatory. • The removal of importing restrictions.

Source: The Confederation of Indian Industry (CII)

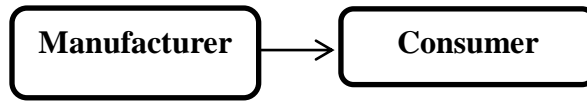
Distribution channels and the channel members

Distribution channel refers to the network used to get a product from the manufacturer to the consumer or the end user. When a distribution channel does not involves any middlemen then, the channel is “**Direct**”, and when the product changes hands before reaching to the end user or the final consumer, the channel is “**Indirect**”. In the Indirect channel, the intermediaries that are involved between the manufacturer and the consumer are:-

- Retailer
- Dealer
- Distribution/Wholesaler

- Consultant

0-Level



1-Level



2-Level



3-Level



Channel management plays an important role in the distribution channel as it is the path through which Goods and Services travel from the manufacturer to the ultimate consumer and the payment for those products brand from the consumer to the vendor. The channel decision hence, is very important. In the majority of consumer goods manufacturer could explain the cost of selling direct to their consumer, except by mail or the most of the practical decision are concerned with control of the consumer.

Number of Intermediaries

Intermediaries offer the firm more than they can achieve on their own through their contact, specialism, events, and also scale of operation. There are three strategies available by which the companies decide on the number of intermediaries to use.

Exclusive distribution

Their objective is to work with one or only single intermediaries. They involve specialty goods and industrial equipment. They require limited number of intermediaries. It involves exclusive dealing arrangements, in which the reseller agrees to not compete with competing brands. By conceding exclusive distribution, the producer hopes to acquire more dedication.

Some of the examples are Rolex watch, Roll Royce car. Exclusive Distribution is used which the producer wants to maintain his control over the services offered by the reseller and over the service level.

Selective distribution

To distribute a product, only some available outlets in an area are chosen. Selective distribution is relevant for online shopping, as in online shopping the consumer are willing to invest their time in visiting several retail stores outlets to compare the price and offers, each one is providing. Some of a good example of selective distribution is Adidas.

Intensive distribution

The objective of Intensive Distribution is to achieve mass market selling in order to provide a product in every outlet. Products like Coca-Cola, some of the other products are soft Drinks, bread, newspaper etc. The channel like multiple channel (i.e. service station stations, supermarket, discount store) are used to sell these products. The products availability is prime than the nature of the outlet. The store must be located close by for the ease of the consumer and also minimum time will be requisite to search for the product in the store.

Buying patterns of Indian Consumer

We all are consumer. We consume things on daily basis, we all buy products according to our needs and by our purchasing power. The goods can be durable goods, consumable goods, or industrial goods. Our good purchasing power of what we buy, why we buy, how much we buy, all these factors come from our beliefs, our cultural background, our motivation to buy the product, our perception of social class and many other factors. While buying the products we also consider whether to buy the product or not from where should we buy the product.

Consumer behavior can be defined as the process of decision-making and physical activity that involves in acquiring, evaluating, using and disposing of goods and services. The process of buying starts with the need of consumer, it starts in the mind. Then the consumer finds an alternative between the products that can be acquired having their advantages and disadvantages. The buying pattern of Indian consumer involves there likes and dislikes. They can be studied by:

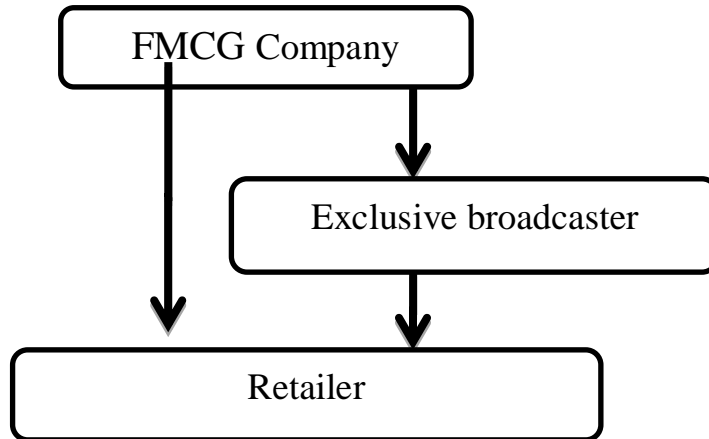
- What does consumer things of the company's product?
- How the customer does use the product?
- How much roll does the customer's family has while buying the product?

- How the product can be improved in the beliefs of the customer?

Role of distribution channels in FMCG

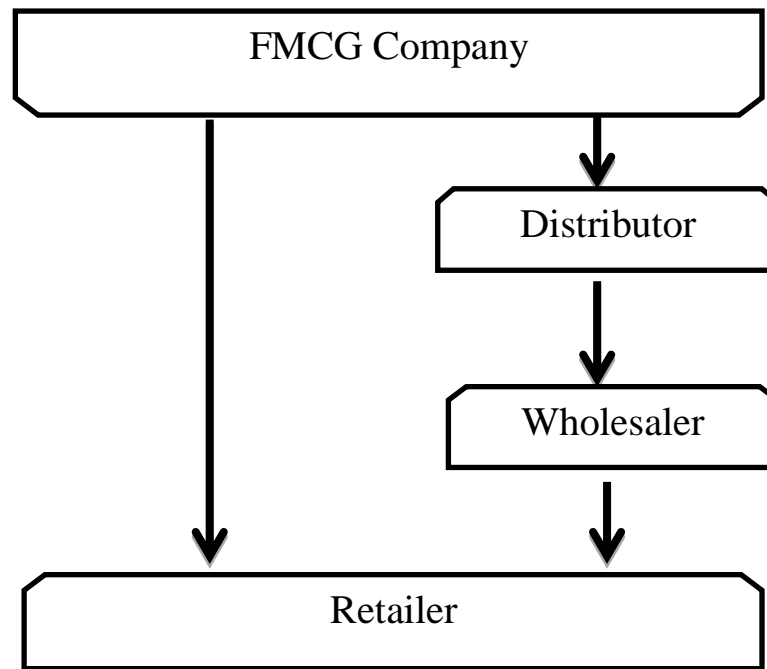
Direct Distribution

In this case, the companies provide the goods directly to the retailer or consumer through direct distribution.



Indirect Distribution

FMCG distribution Channels consist of three important organization agents, merchant and the last one facilitator. The importance of distribution channel approaches from the expanding of the demands of the consumer in a very sophisticated manner. FMCG distribution channels are pathways in which the products of the FMCG travel from the company/manufacturer to the retailer. To set up a distribution channel thorough planning, effective thought process and investment is essential. If we see from the public's point of view, opening a distribution channel brings a new job opportunities for laborers and also helps in making the product available to people. So this concludes that the channel management and distribution forms a major element in firm business strategy.



Need of the Study

The object of a research idea is to present and explain the desire to analyze a study question and to provide the realistic methods in which the study proposed must be carried out. Study plans include detailed reviews of the literature. They must provide compelling proof that there is a need for the research being proposed. In addition to offering a justification, a proposal outlines comprehensive analysis methodology compatible with professional or academic criteria and a statement of expected outcomes and/or benefits from the complete study. The purpose of a research proposal is to identify and explain the need to study a research problem and to identify the realistic ways of performing this research. The design elements and procedures for conducting research are regulated by norms in the prevailing discipline where the problem lies, so that guidelines for research proposals are more detailed and less formal.

- The research will help us understand the working and distribution channel processes of various FMCG items to a great extent. This would also offer an incentive for various manufacturers to consider the channel distribution.

- For portfolio managers and professionals involved in managing their product networks, the knowledge referred to in the study will be of great relevance and use.

The research will certainly be of great importance to the student and resources on the related subject, because the analysis and recommendation will be appropriate and successful knowledge on sourcing. This will merely act as an information repository for potential reference.

Objectives

- To highlight various factors and firms influencing the efficacy of the marketing networks.
- To study the specific marketing channel systems of FMCGs.
- To understand the networks of marketing, collaboration, disputes and rivalry in the FMCG sector.

Chapter-2

REVIEW OF LITERATURE

A literature review is a study of academic sources on a particular topic. It offers an overview of current knowledge, enabling you to recognize applicable hypotheses, approaches and gaps in established research. Writing a review of the literature involves finding relevant publications (such as books and journal articles), analyzing them critically and explaining what you have found. A good analysis of the literature not only summarizes sources – it analyses, synthesizes and critically analyses them to provide a clear picture of the state of information on the subject. A review of literature is a survey of scholarly sources that provides an overview of a given subject. Literature reviews are a selection of the most significant and appropriate publications on this topic to provide a thorough look at what has been said on the topic and by whom.

Barin (2009) explained that all the activities undertaken by the producer, alone or in Corporation, until they are possessed by the end consumer is distribution. Distribution Network is a combination of distribution channels and marketing channels. To achieve effectively, the distribution of the goods and services requires an amount of activities an operational processes. To transit the goods from producer to consumer, they used the existing distribution channels and logistic systems. Then it is further concluded that the major function of distribution channel is performing acts of sale, through which the good actually moves, that this successive transfer of ownership from product to consumer.

Hung *et al.* (2010) studied the effective distributor governance in the emerging market that represents a critical success factor for forms. This study took place in China. The study totally defines the distribution effective governance. To make this study understand the bill they adopted a role theory framework to delineate the effect off fit between the governor’s strategies and distributor role. It is further concluded that the effect of this governance fit are dependent on the stage of channel relationship but not the uncertainty of the market.

Kumar and Bala (2011) stated that FMCG supply chain but analyzed with the help of various perspective of process, components and typology. Their supply chain operational models has been compared and identified from this SCOR comes on of the best for FMCG industry. And

in the paper, they also included that the analysis of the typology of the research cases across 2 product categories.

Pareek and Sarkar (2012) explored the effectiveness of wholesale channel in Distribution of FMCG products in the rural India. Rural market is primarily important to the FMCG companies; they know that they know the rural market owns the sector and the development of these companies. They stated that the four challenges in the rural market correspond to the 4 P's of the marketing, also the challenges with the rural marketing of availability faced by the companies.

Sharma (2013) focused on the product lifecycle management techniques that can be used to optimize a product revenue and respect to its effective positioning in a market. From top it is further added that the gold with respect to the strategy, competition, product, price, promotion and distribution will change accordingly as with the stage of the product life cycle. FMCG continued with the concept of product cycle to have a competitive advantage. It is concluded that the FMCG outcome includes an easier and fast path to trial and for the adoption of the brand. With the help of launch engineering, FMCG companies become more productive; it helps and improves the branding in refining the category management. The consultancies fees of FMCG's are paid through improved return from the advertising, trade spend the sales promotion and public relations.

Titus et al. (2013) examined the distribution network for competitive advantage in FMCG channel management at ITC. The study was based to get an understanding of the distribution process of ITC and also their competitors the distribution channel differs in providing some schemes offers to the retail outlet. It is further stated to understand the taste and preference of the consumer as their preference changes constantly and they need a change or newness in the product they're using. The consumer also checks the company's morale and value for money and also wants the company to provide them the best deals. It is later concluded that a little difference itself makes the consumer choose one product over other. The company must give those best deals in order to increase their customer loyalty towards their product.

Kumaravel and Vikkraman (2013) explored the behavior of consumer towards fast moving consumer goods of personal care products. The study was conducted in Coimbatore district of Tamil Nadu. The data for this study has been collected by performing a face to face interviews and distributing the questionnaire to the respondent. They further studied that the

social economic background of the respondents, by analyzing the factors that influence the customer. They further added that the satisfaction level of the customer depends on the wide factor of the market and product specific. When the expectation of the consumer will be fulfilled then, the behavior of the consumer will improve.

Pandey *et al.* (2014) examined that the consumer behavior for FMCG products largely is affected by place, price, and promotion, physiological and psychological factors. Their study had been collected through questionnaire and their finding about the factors that influence the behavior of the consumer, so their motive was to identify the factors affecting consumer towards FMCG products. Finally they concluded that the behavior of the consumer is largely affected by some factors like their income, role of family, their social status and so on.

Singh and Dar (2014) studied that by knowing the taste and preference of the consumer, the marketing companies can devise their schemes accordingly. There should be a good and proper distribution channel because it works as a powerful tool to stimulate the demand and also to attract the customer by offering them better services. The data collected in the rural area of Bhopal, Hoshangabad district of Madhya Pradesh. They further concluded that the consumer behavior has a critical influence on channel decision and also the behavior can also it can identify the manner in which the distribution channel would perform that will help the company to be successful.

Majeed (2014) explored that around 73 per cent of total population which is 1.25 crore according to census 2011 is rural population of Jammu and Kashmir. The purpose of this study was to know the brand awareness of the FMCG and to study the interest of consumer towards branded products. More than 70 per cent of total population lives in rural area, so rural market offers to be a growing sector of FMCG and its closest companion. Retail sector both of them are likely to create most of the jobs in India in the coming years of primarily in function like marketing, sales, advertisement supply chain, human resource, finance and operation and so on.

Rinoj (2014) conducted research was done on what are the different challenging factors for Indian national FMCG players as well as global players and how many companies could manage it effectively.

Shettigar (2015) studied the behavior of the consumer towards some practical fast moving consumer goods. Data of this study was majorly collected from the district Mysore. The findings of this study reported that there were various factors that affect the behavior of the

consumer. Further they stated that the fast consumer goods plays an important role in the growth of the India's GDP, so it is very necessary to study the changing behavior of the consumer and also there changing preference towards the goods. Their study also involves the comparison between two companies HUL and P&G and their brand awareness.

Chicksan (2015) stated that in a distribution channel, there always is a dominant behavior. The study was conducted through interview and participative observations. Then further it was explored that there is a possibility for a supplier to change the power situation in a distribution channel by adjusting the quantity of the resource data to be utilized and the scarcity.

Srivastava (2016) explored that nowadays customer plays an important role in making decision. They know their purchasing power. It is further stated that the retail store like Big Bazaar is one of the fastest growing stores for fast moving consumer goods; while on the contrary, the consumer expects some improvement from the store. It signifies that the customer wants some improvement in the billing formalities that there should be proper timings or placing of the products should be by order, and most importantly the customer must be attracted by giving those benefits, making them aware, conveying those benefits of visiting the retail store even during the off season.

Pandey and Soodan (2016) studied that there are influence of emotional on consumer behavior. They stated that their behavior is always uncertain and irrational. They further concluded that there are emotional chords of consumer targeted by marketers in order to generate sales and managing effectively. The study was conducted in North India. The behavior of the consumer is and always have been challenging to the marketers and to the researchers across the world for its nature and tendency to change within no time. In further contrary, the emotion that influences the behavior is known to be irrational to the researchers.

Patil (2016) discussed the fast moving consumer goods sector, its critical analysis and future perspective. The product of fast moving consumer good touches every aspect of human life. The products are being consumed frequently by all sections of the society and considerably all portion of income is being spent on these products. The fast moving consumer goods industry has shown an extraordinary growth over the past few years in a matter of fact the product of FMCG registered growth even during the recession. This study concluded that the future of the FMCG sector is very promising due to its inhabitant capacity and the favorable change in the environment, also that the FMCG sector provides employment to above 3 million people. This

sector is lucrative because of low penetration level, the well established distribution channel, low operating cost and also the sector have large consumer base.

Chinna (2016) stated that globalization policy has impacted many countries and has also impacted India. India accepted globalization, allowed many Indians a foreign companies to start their business in the country. Globalization has become a hub. The rise of demand in domestic and international market is opening a new era of opportunities. There are many problems that are faced by the distributor channel mainly the supply chain management that brings losses to both tangible and intangible products. It concludes that the sourcing of raw material and vendors to supply them to right the person, at right the time and at the right place has to be always appropriate.

Zimon (2017) explored that the influence of the standardized quality management system for the better of distribution channel in fast moving consumer goods sector. This study was conducted in South- Eastern Poland, where they chose 20 distribution channels of a large manufacturing company that carries FMCG market. The study helped the researcher to the conclusion that the distribution channel having implemented quality management system in most cases have received much better than other distribution channels.

Mulyami and Trihatmoko (2018) studied the re-discovery of buyer assessments of suppliers of new products on the aspect of 4 P's supplier policies and to reveal the profile of new products in market competition. That design of the study combined qualitative research methodology with an elaborate theory strategy. The study revealed that competitive environment of the existence of product distribution is considered by the buyer; market competition is impacted by the existence of the product destruction. The marketing mix (4 P's) concept is an integration strategy between Product strategy, Place, Promotion and Price, in such a manner that the product success in competition is not only by place strategy factor but also by other strategy factors. It is further concluded that the performance of the product can be evaluated using the parameters of the distribution level and the sales as an indicator to assess the product, that whether the product will be a success or a failure. The result of this study expressed that the determination and preparation of distribution strategy plan, measurement tools for channel management, organizational performance for brand strategies.

Diwedi (2018) investigated that the companies face distribution and logistics problems at a lower level. The company faces more problems in transporting their goods in rural areas, where

fast moving consumer goods perform maximum sales. The data was collected from NCR region. They further studied and analyzed the problems that are faced by both wholesaler and retailer. The study founded that the main issue with the retailer for product delivery, frequency and timely supply. Also they concluded that the poor condition of roads and less of facilities of transportation created hindrance for the companies to provide the goods and services in the area.

Patil and Jadhav (2019) stated that FMCG is the 4th largest sector in India. With the growth of FMCG sector, the Government of India started focusing on agriculture, healthcare, infrastructure and employment of the union. Rural areas showed more market growth in FMCG sector as compared to urban areas. It is expected that FMCG sector continuously grows by 13 to 14 per cent for every 5 to 10 years with the help of various parameters, the performance of different companies can be evaluated. The main purpose of this paper is giving idea to investor about how the companies can be chosen for their long-term benefit and that will help in growing their investment.

Chapter 3

RESEARCH METHODOLOGY

“Methodology is the philosophical framework within which the research is conducted or the foundation upon which the research is based” (Brown, 2006). Research Methodology chapter of a review explains in detail the review methods , approaches and designs that illustrate those used in the report, explain the choice by explaining the advantages and disadvantages of each approach and design taking into account their realistic applicability to the research. The process used for gathering information and data to make business decisions. The methodology may include publishing research, interviews, surveys and other research techniques, and may contain both current and historical information.

Area and population of study

The research work concerned was carried out on retailers of Jogindernagar, Distt. Mandi dealt with FMCG goods.

Sampling

Sampling is the method of selecting units (e.g., individuals, organizations) from a population of interest so that we can generalize our findings equally back to the population from which they were selected by analyzing the sample. In terms of analysis a sample is a collection of people, objects, or items that are taken for evaluation from a wider population. The study should be representative of the population to ensure that the results from the research sample can be applied to the whole population.

Simple Random Sampling

This is the technique of gathering a sample such that every unit in the population has the same and independent probability of being included in the survey. Simple random sampling without substitution technique is used for present research study.

Sample Size

Research on the project in Jogindernagar area has been limited. The research is carried out at 50 retailers dealing with the FMCG goods.

Data Collections

The research is conducted with the goal of evaluating FMCG's marketing channel. The analysis was performed using only primary data.

Primary Data

Primary data or raw data is a type of information collected directly from experiments, surveys, or findings from the first hand source. The primary method for collecting data is further divided into two groups. They're here

- Quantitative methods of processing the data
- Qualitative methods of collecting data

Secondary Data

Secondary data is data which someone other than the actual user collects. This means the information is already available and somebody's analyzing this. Secondary data includes newspapers, magazines, books, newspapers, etc. It can either be published data or undisclosed information.

Data reported can be found in various resources including

- Released by the Government
- Public accounts
- Historical and statistical records
- Business papers
- Technical and commercial publications
- Unreleased data
- Journals
- Communications short
- Unpublished biographies, etc.

Data Analysis

Data analysis is characterized as a process for cleaning, transforming, and modeling data to discover useful business decision-making knowledge. Data Analysis aims at collecting valuable data information and making the decision based on the data analysis. The purpose of answering the data study questions from a given sample; hence the conclusion must refer to the only sample.

Likert Scale

Likert scale is the tool most commonly used in survey studies to scale answers. Likert scale is used to answer questions that ask you to show your degree of agreement, when you strongly agree to strongly disagree. The details in the worksheet are details for two categories on

the five-point Likert scale or it can be a seven point scale too. A Likert scale assumes that an attitude's strength / intensity is linear, i.e. strongly disagree on a continuum, and assumes that attitudes can be measured.

Analytical Tools

Statistical methods involved in the conduct of a study include the preparation, design, data collection, review, accurate interpretation and reporting of the results of the research the statistical analysis provides meaningless numbers and therefore breathes life into useless data.

Statistical Methods: - The statistical methods used in the analysis are:

- Mean test
- Standard deviations test
- Percentage

Mean Test

The "average" number; discovered by adding all data points and dividing by data points number. The average a collection of results is. This is obtained by the division of the data sum by the number of observations.

The formula is that of:

$$\text{Mean} = \frac{\text{Sum of Data}}{\text{Total no. of Observations}}$$

There are several different forms of mean but they generally speak about the numerical mean when people say mean. The arithmetic mean is the sum of all data points divided by data point number. The mean can be determined in more than one form for a given set of numbers, including the arithmetic mean method that uses the sum of the numbers in the sequence, and the geometric mean method, which is the average of a set of products.

$$\text{Mean} = \frac{\text{Sum of Data}}{\text{No. of Data point}}$$

$$\text{Mean } (\bar{x}) = \frac{\sum x}{n}$$

Where, $\sum x$ = is the sum of data;

N is the total of no observations

Standard Deviation Test

Standard deviation is a statistical metric in finance, which sheds light on the historical volatility of the investment when applied to the average return rate of an investment. The higher the standard deviation of shares, the higher the difference between each price and norm, which indicates a greater price range. The symbol for Standard Deviation is σ (the Greek letter sigma).

The Formula for Standard Deviation is

$$\sigma = \sqrt{\frac{\sum(X - \mu)^2}{n}}$$

Where, σ = population standard deviation

\sum = sum of

μ = population mean

n = number of scores in sample.

The standard deviation is used to summarize continuous data in conjunction with the mean, and not categorical data. Moreover, the standard deviation, like the mean, is usually only suitable when the continuous data is not significantly skewed or has outliers.

Percentage

A per cent is a ratio of 100 for the second term. Percent means hundred-parts. The term comes from per cent of the Latin expression, meaning one hundred. Percentage calculation is used to calculate in terms of 100 the volume or the share of something. In its simplest form, percent means one hundred per cent. The percentage formula is used to describe a number between the zero and one. It's known as a fraction of 100 expressed as a number. Denoted by the = per cent, the percentage is often used to compare ratios and locate them.

Formula to Calculate Percentage:-

$$\text{Percentage} = \frac{\text{Value}}{\text{Total value}} \times 100$$

Questionnaire

A questionnaire is a research tool that consists of a series of questions in order to gather information from the respondents. They can be done face to face, by phone, by computer or by post. Questionnaires can be an efficient way to assess behavior, perceptions, desires, views and expectations of fairly large numbers of subjects more cost-effectively and efficiently than other

approaches. There's a significant difference between open and closed questions. A questionnaire is also used to gather data using both open and closed questions. The closed type of Questionnaire has been used to conduct this study.

Chapter 4

RESULTS AND DISCUSSION

This chapter deals with Data Interpretation of the respondents. Questionnaire of 50 questions was distributed among the retailers of Jogindernagar District Mandi who dealt with FMCG products. Based on the responses of the retailers from the asked question, the following data has been analyzed.

The data is analyzed and have been discussed under the following:

4.1.1 Sample profile with respect to gender

Gender	No. of Respondents	Percentage
Male	35	70.00
Female	15	30.00
Total	50	100.00

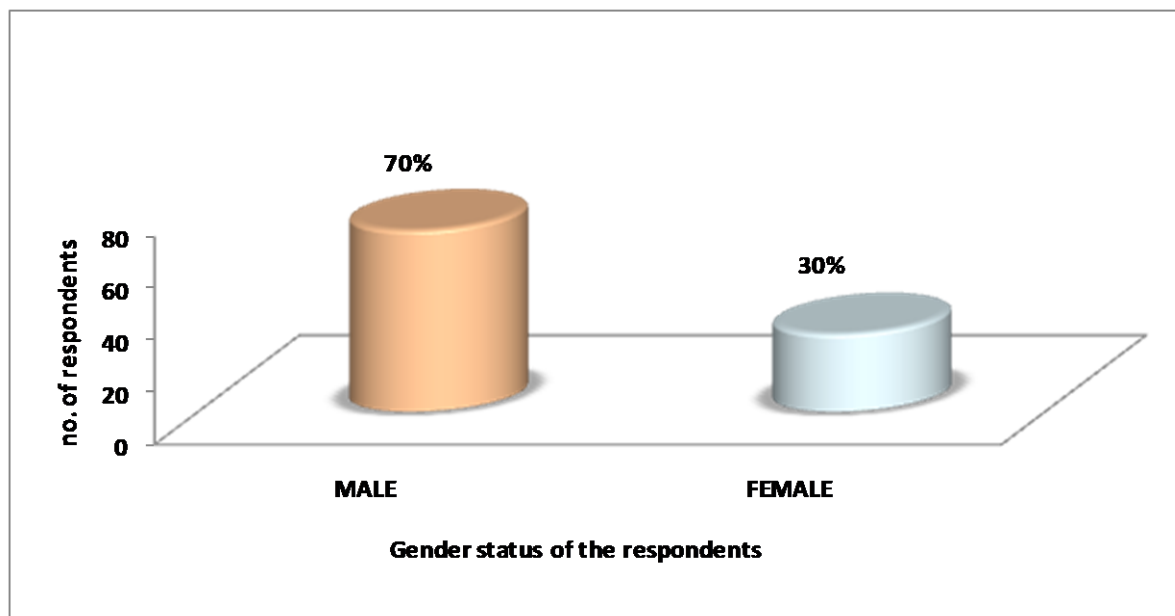


Figure 4.1.1 Gender status of the respondents

As per the data analyzed in table 4.1.1 and above representation, it clearly covered that a majority of respondents were of male gender. And that the male gender mainly attribute in the business whereas females generally work as an associate in such works with them. The data

presented in table clearly shows more percentage age of males as compared to females i.e. 35 comprising 70 per cent whereas females were 15 comprising of 30 per cent.

4.1.2 Sample profile with respect to age

Age (years)	No. of Respondents	Percentage
Less than 18	1	2.00
18-30	29	58.00
30-45	13	26.00
More than 45	7	14.00
Total	50	100.00

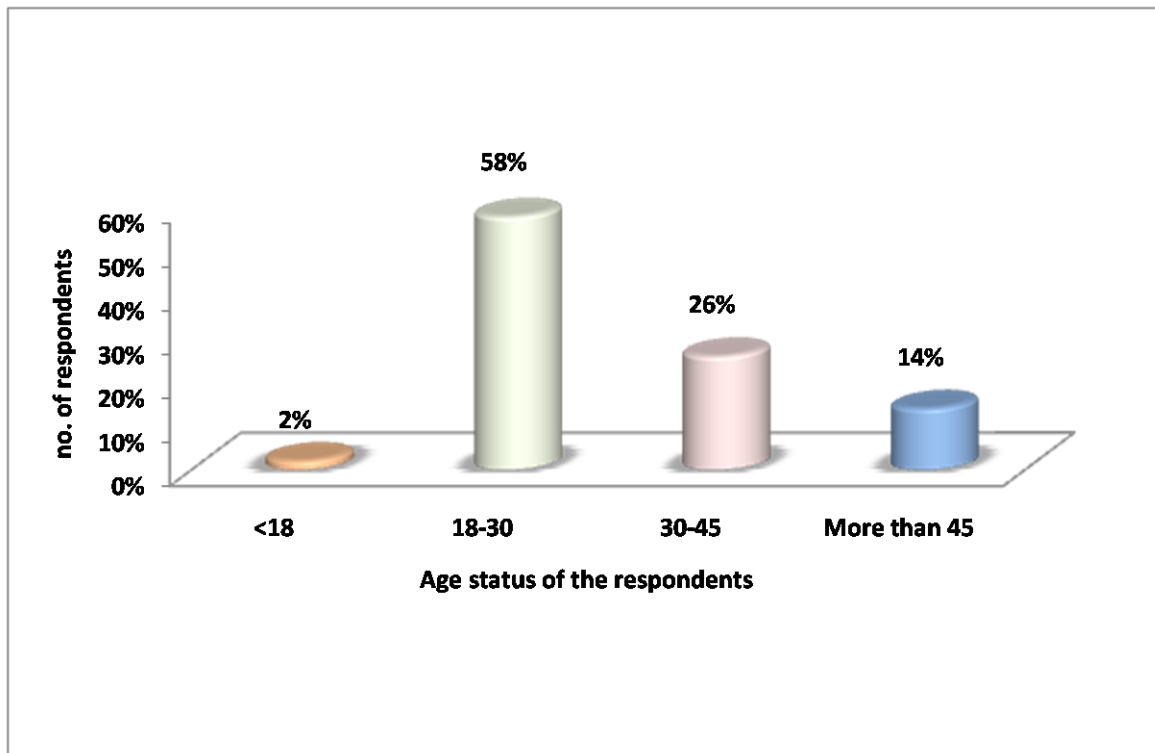


Figure 4.1.2 Age status of the respondents

Table no. 4.1.2 depicted the age wise distribution. The majority of the respondents i.e. 29 (58 per cent) lies between 18-30 years age group, while 13 (26 per cent) lies between 30-45 years age group, 7 lies in (14 per cent) more than 24 years of age group and only 1 respondent (2 per cent) lies in between less than 18 years of group.

4.1.3 Sample profile with respect to educational qualification

Educational qualification	No. of Respondents	Percentage
Matriculate	1	2.00
Higher secondary	10	20.00
Graduation	30	60.00
Post graduation	9	18.00
Total	50	100.00

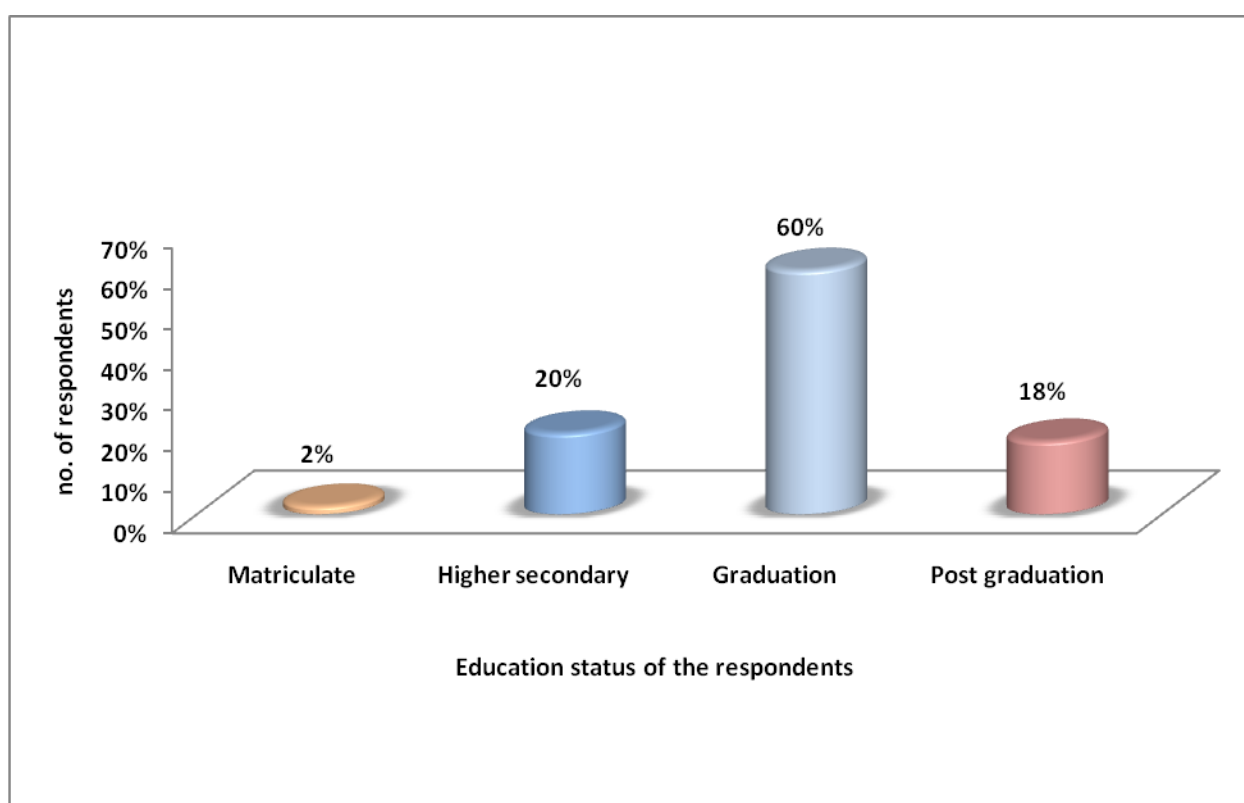


Figure 4.1.3 Education status of the respondents

Table no. 4.1.3 exhibited that about 30 (60 per cent) amongst the respondents are graduated, whereas 10 (20 per cent) of the respondents have passed higher studies and about 9 (18 per cent) have completed their post graduation and only 1 (2 per cent) of the total respondents is matriculated.

4.1.4 Sample profile with respect to income status (in rupees)

Income Status (in rupees)	No. of Respondents	Percentage
Less than 15000	11	22.00
15000-25000	5	10.00
25000-35000	16	32.00
More than 35000	18	36.00
Total	50	100.00

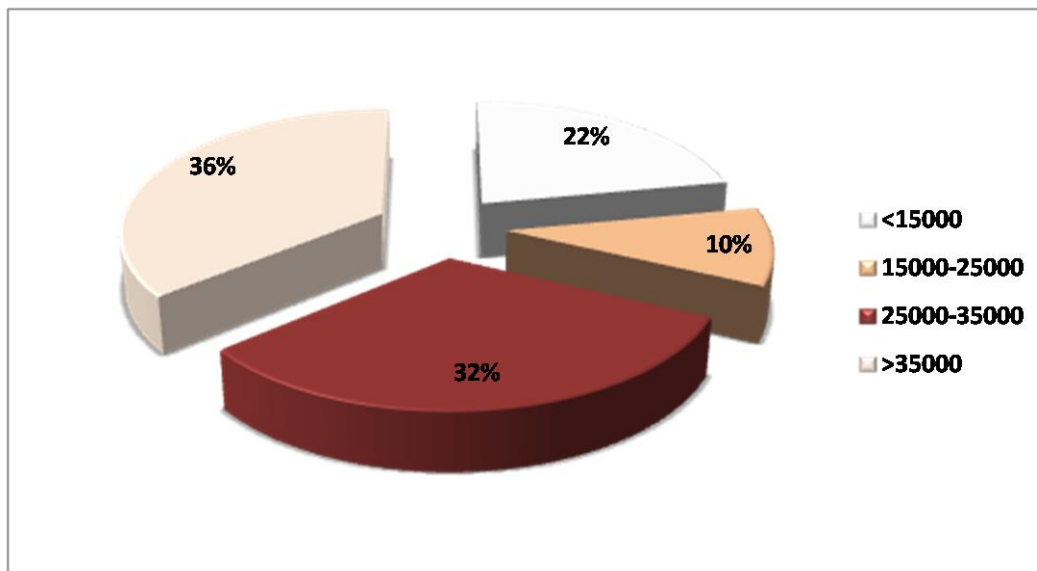


Figure 4.1.4 Income status of the respondents

Table no. 4.1.4 summarized the profile of the respondents on the basis of their income status. Data in table shows that a majority of respondents 18 (36 per cent) lies in the income status of more than 35000, while 16(32 per cent) respondents lies in between 25000-35000, 11 (22 per cent) respondents lies in the income status of less than 15000 and 5 (10 per cent) lies in between 15000-25000.

4.1.5 Sample profile with respect to marital status

Marital status	No. of Respondents	Percentage
Unmarried	26	52.00
Married	24	48.00
Total	50	100.00

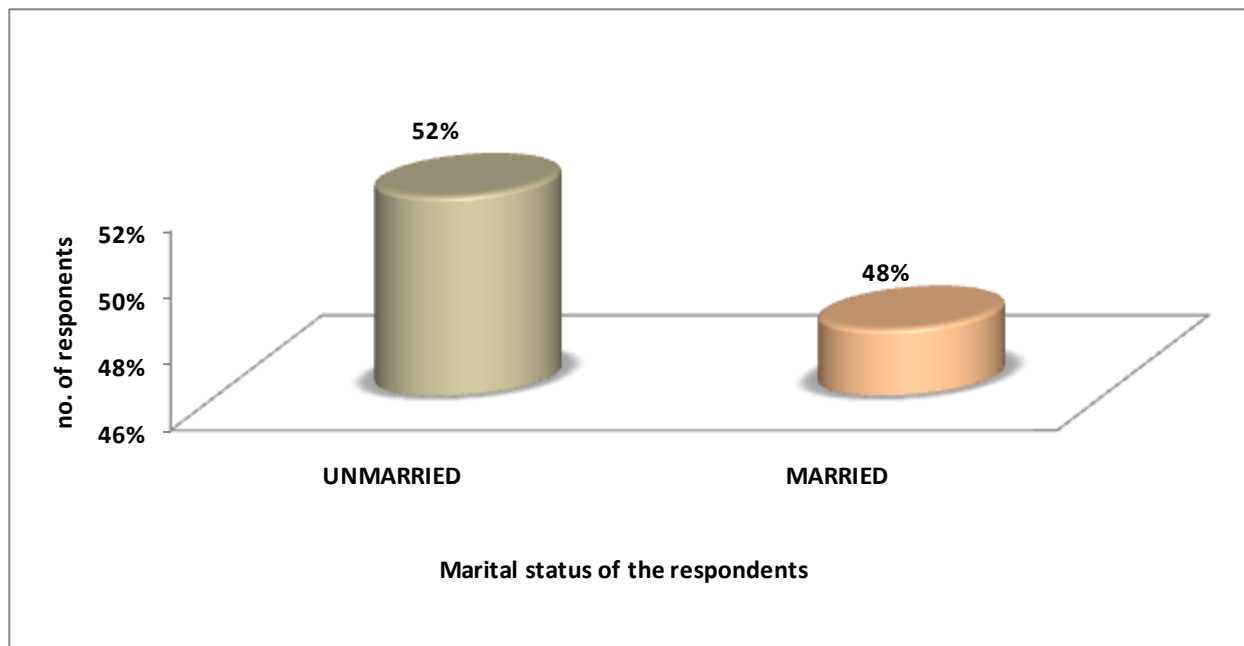


Figure 4.1.5 Marital status of the respondents

Table no. 4.1.5 depicted the marital status of the respondents. It is depicted that about 26 (56 per cent) are unmarried and whereas 24 (48 per cent) of the total are married.

4.1.6 Sample profile with respect to their experience in marketing channels

Experience	No. of Respondents	Percentage
Less than 5 years	28	56.00
5 years-10 years	10	20.00
10 years-15 years	8	16.00
More than 15 years	4	8.00
Total	50	100.00

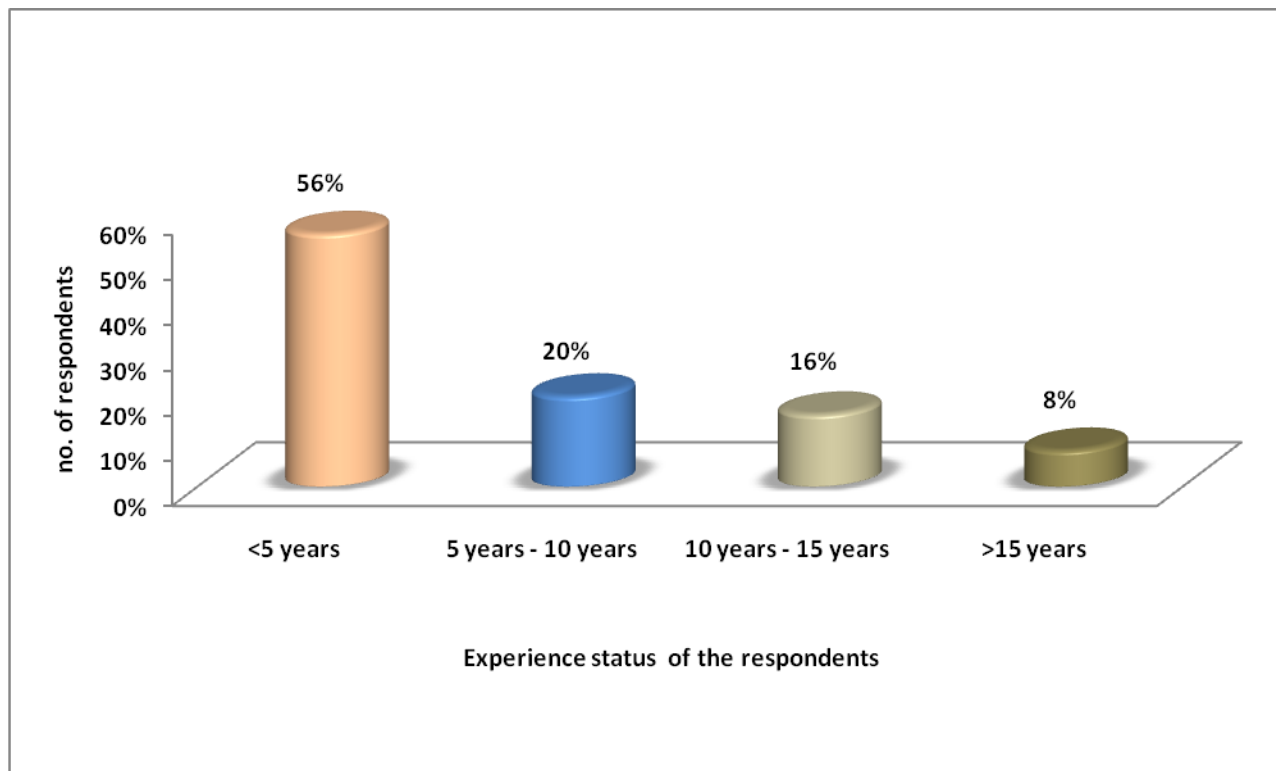


Figure 4.1.6 Experience of the respondents

Table no. 4.1.6 presented the respondents based on their experience in marketing channels. From the above table, about 28 (56 per cent) of the respondents have less than 5 years of experience, whereas 10 (20 per cent) of the respondents have an experience between 5 years to 10 years, 8 (16 per cent) of the respondents have an experience between 10 years to 15 years

and at last 4 (8 per cent) of the respondents from the total have more than 15 years experience in the marketing channels.

4.1.7 Sample profile with respect to whether they live in owned or rented house

Live in	No. of respondents	Percentage
OWNED	30	60.00
RENTED	20	40.00
Total	50	100.00

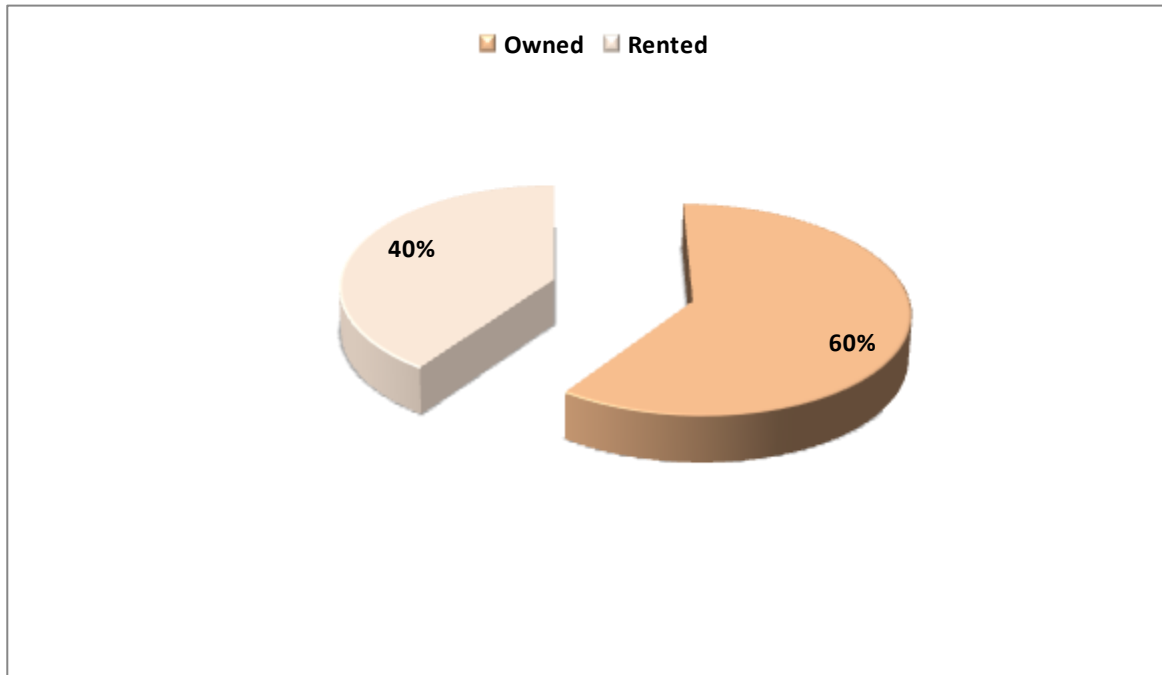


Figure 4.1.7 Living status of the respondents

Table no. 4.1.7 described whether the respondents live in their owned house or they live in a rented house. So from the above table it is depicted that 30 (60 per cent) of the respondents live in their owned houses and about 20 (40 per cent) of the total respondents live in a rented house.

4.1.8 Sample profile with respect to the involvement of the respondents and their family in Retailing

Involvement	No. of respondents	Percentage
Parents	13	26.00
Grandparents	10	20.00
Great grandparents	6	12.00
Not Traditional	21	42.00
Total	50	100.00

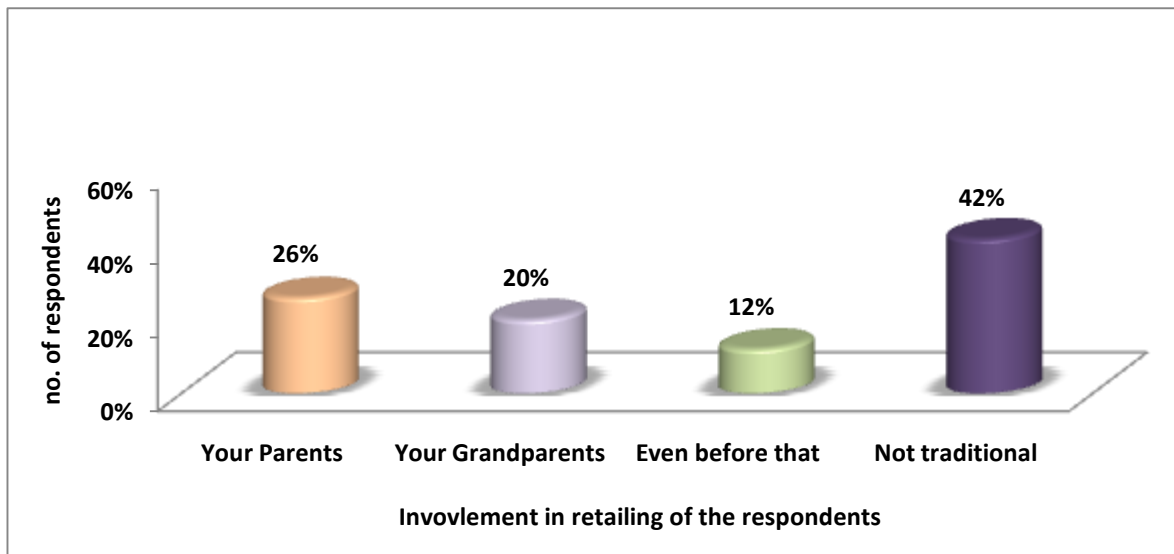


Figure 4.1.8 Involvement in retailing of the respondents

Table no. 4.1.8 summarized that out of 50 respondents, 21(42 per cent) of the respondents are not traditional retailers, whereas 13 (26 per cent) of the respondents have been in retailing since their parents were, 10 (20 per cent) of the respondents have been involved in this business from the time their grandparents were involved in and at last about 6 (12 per cent) of the total have been involved traditionally that mean their involvement in retailing have been even before their grandparents were involved.

4.1.9 Sample profile with respect to the FMCG products they deal with

FMCG category	No. of Respondents	Percentage
Toiletries	5	10.00
Office work	15	30.00
Body care and Cosmetics	18	36.00
Packed and Unpacked Food	7	14.00
Pharmaceuticals	5	10.00
Total	50	100.00

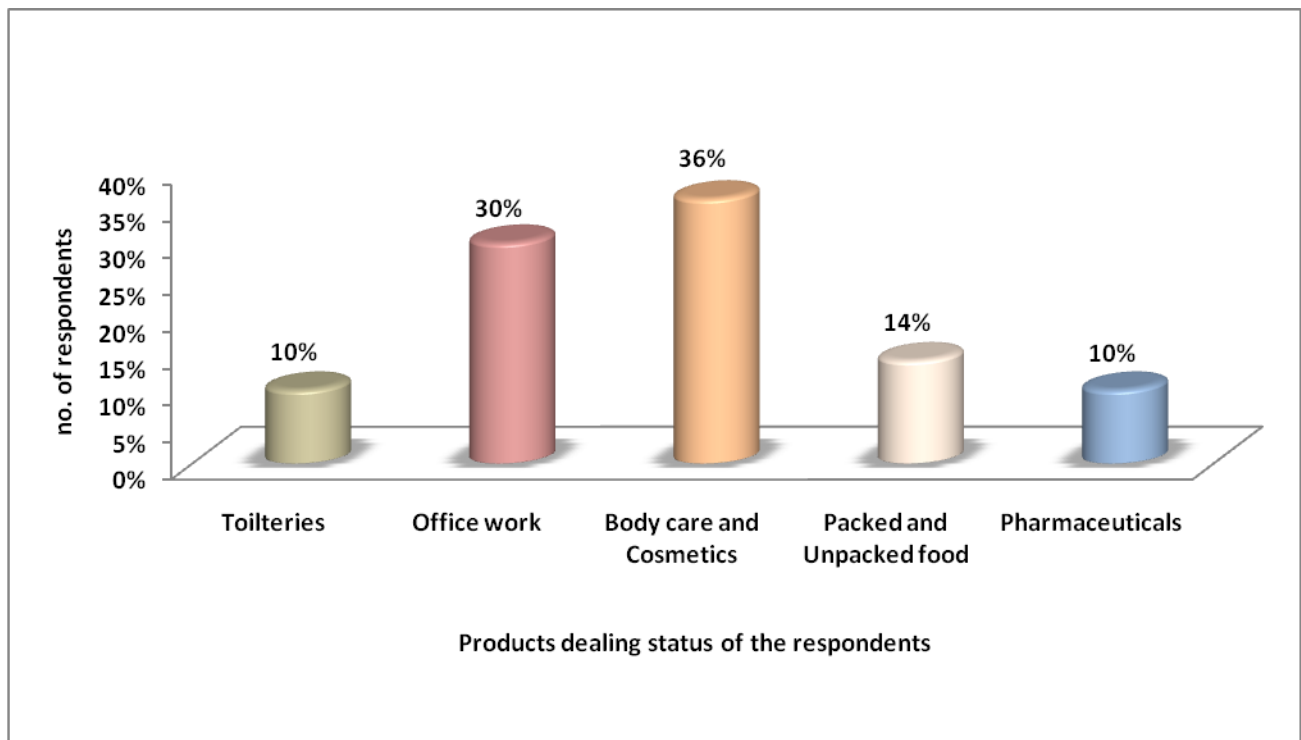


Figure 4.1.9 Products dealing status of the respondents

Table 4.1.9 indicated the FMCG products that the respondents deal with. It is demonstrated that a majority of 18 (36 per cent) of the total respondents deals in body care and cosmetics of FMCG category, while 15 (30 per cent) deals in the Office work category, 7 (14 per cent) deals in packed and unpacked food category of FMCG, 5 (10 per cent) deals in toiletries and lastly 5 (10 per cent) of the respondents deals in Pharmaceuticals.

4.1.10 Sample profile with respect to which channel they buy their stocks from

Marketing source	No. of Respondents	Percentage
Wholesaler	26	52.00
Credit agencies	8	16.00
Manufacturer	9	18.00
Carrying and Forwarding agents	7	14.00
Total	50	100.00

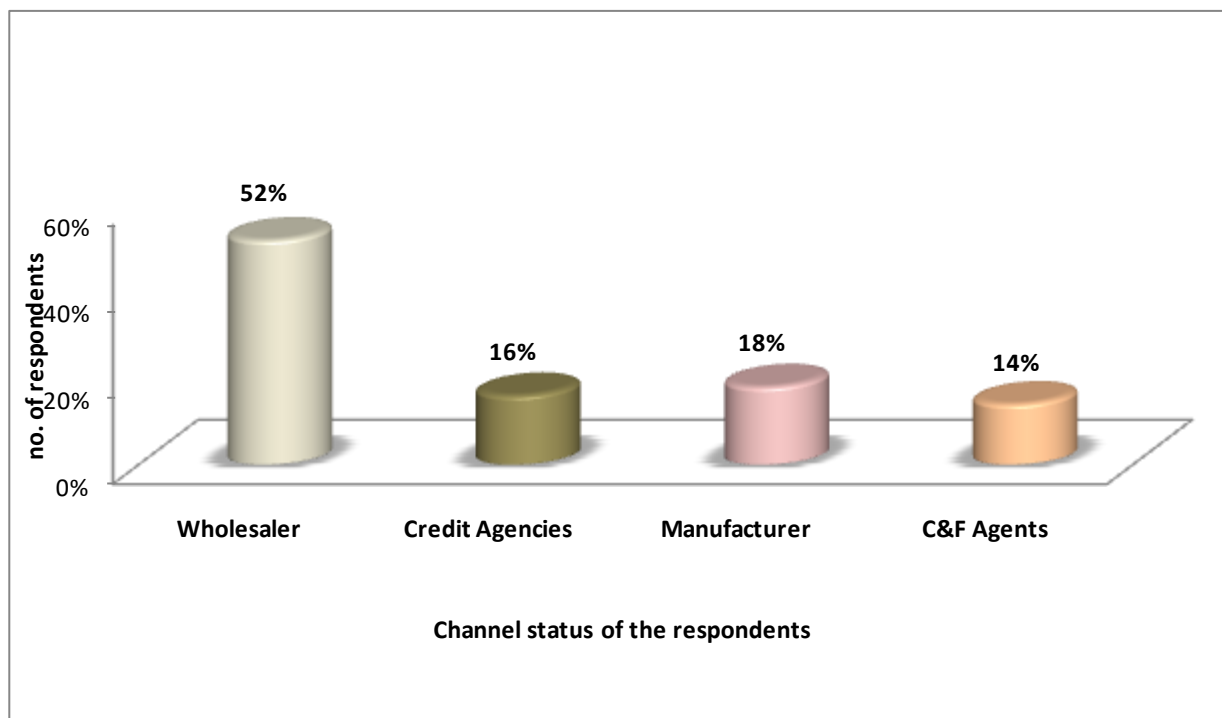


Figure 4.1.10 Channel status of the respondents

Table no. 4.1.10 summarized the source of the stocks that respondents buy. It shows with a majority of about 26 (52 per cent) of the respondents buy their stock from wholesaler, 9 (18 per cent) of the respondents buy their stocks from manufacturer, while 8 (16 per cent) buy their stocks from credit agents and 7 (14 per cent) of them buy their stocks from carrying and forwarding agents.

4.1.11 Sample profile with respect to the problem of margin variation

Source of Channels	No. of Respondents	Percentage
Wholesaler	15	30.00
Credit Agencies	14	28.00
Manufacturer	11	22.00
C&F agents	10	20.00
Total	50	100.00

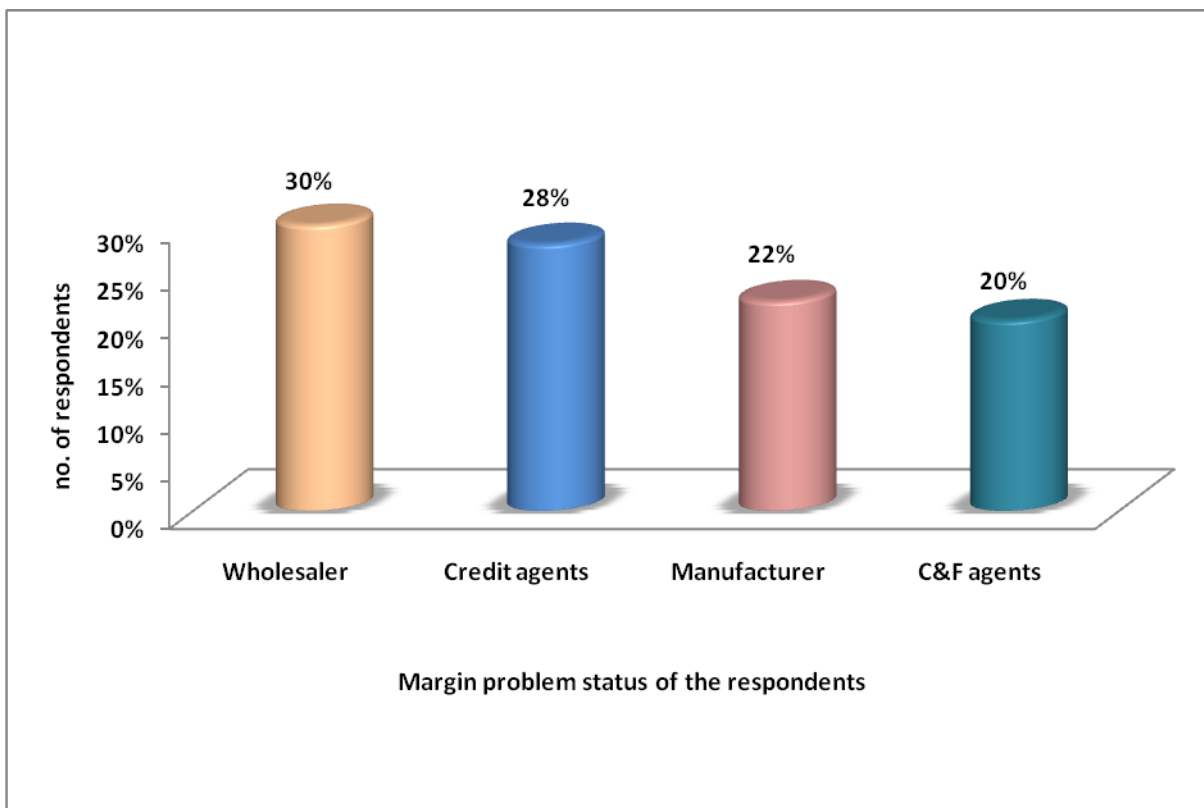


Figure 4.1.11 Margin problem status of the respondents

Table no. 4.1.11 exhibits that mostly the problem of Margin variation is faced by the source wholesaler with respondents of 15 (30 per cent), whereas 14 (28 per cent) respondents faced this problem with credit agencies, 11 (22 per cent) of the respondents faced this problems with Manufacturer and about 10 (20 per cent) of the respondents faced this problem with the C&F agents.

4.1.12 Sample profile with respect to the problem of price variation

Source of Channels	No. of Respondents	Percentage
Wholesaler	14	28.00
Credit agencies	19	38.00
Manufacturer	8	16.00
C&F Agents	9	18.00
Total	50	100.00

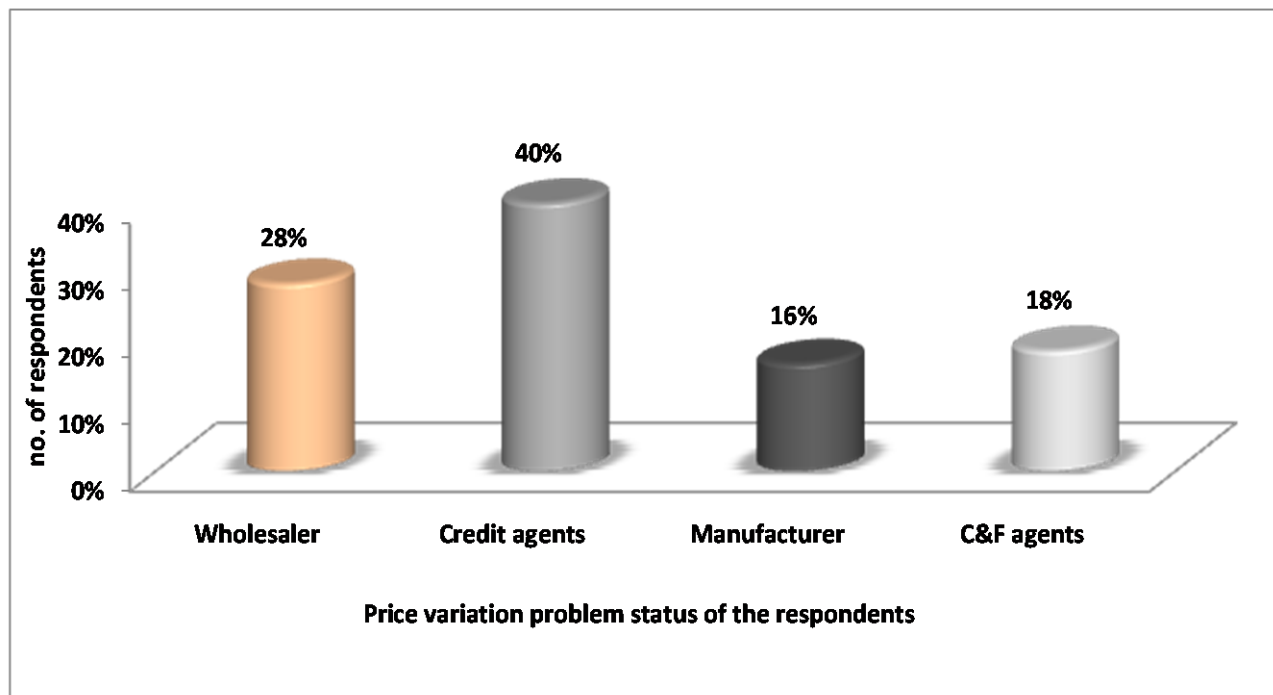


Figure 4.1.12 Price variation problem status of the respondents

Table no. 4.1.12 exhibited the problem of price variation is mainly faced by the credit agents with the respondents of 19 (40 per cent), later on by the wholesaler with the respondents of 14 (28 per cent), while 9 (18 per cent) of them faced this problem with the manufacturer and out of total, 8 (16 per cent) of the respondents faced with the manufacturer.

4.1.13 Sample profile with respect to problem of variation and availability of products/goods

Source of Channels	No. of Respondents	Percentage
Wholesaler	16	32.00
Credit agencies	13	26.00
Manufacturer	12	24.00
C&F Agents	9	18.00
Total	50	100.00

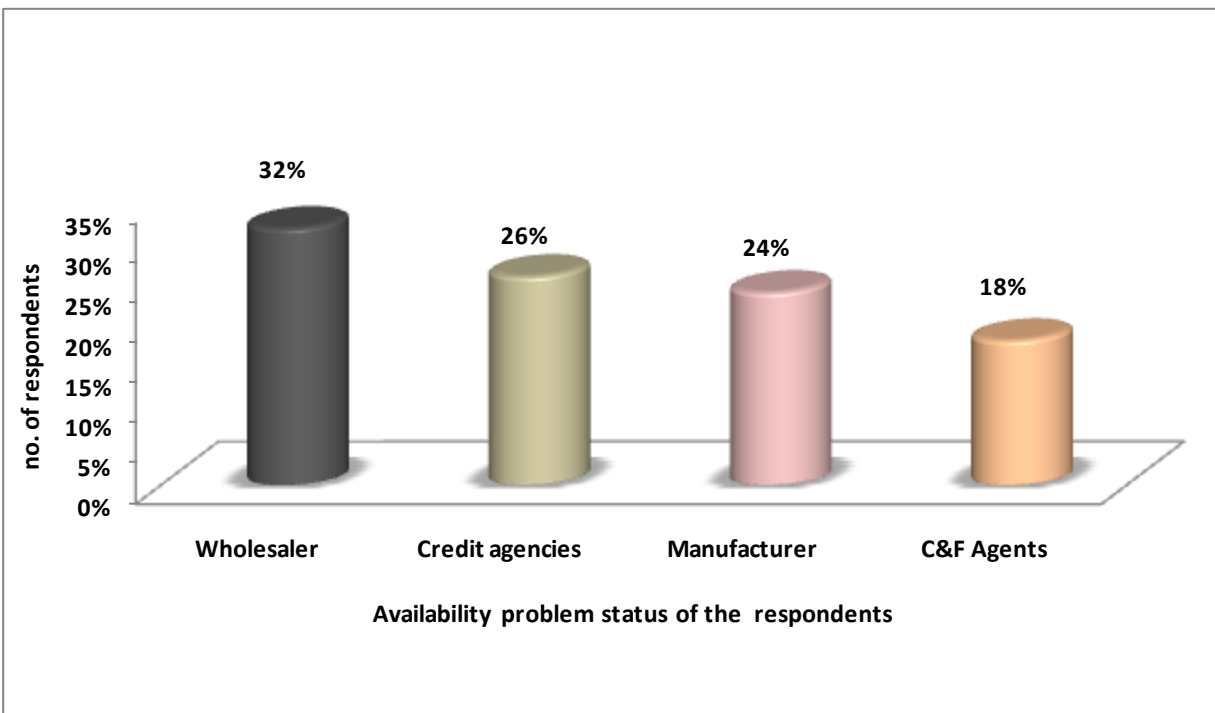


Figure 4.1.13 Availability problem status of the respondents

Table no. 4.1.13 summarized the problem of variation and availability in products, and from which source they face it a lot. So as shown in the above table it clearly exhibits that this problem is largely faced because of the source wholesaler with 16 (32 per cent) of respondents and then from credit agents with 13 (26 per cent) respondents, while problem of availability of goods faced because of the source manufacturer having the respondents of 12 (24 per cent) and with only 9 (18 per cent) of the respondents for C&F agents.

4.1.14 Sample profile with respect to problem of lack of demand

Source of Channels	No. of Respondents	Percentage
Wholesaler	15	30.00
Credit agencies	10	20.00
Manufacturer	12	24.00
C&F Agents	13	26.00
Total	50	100.00

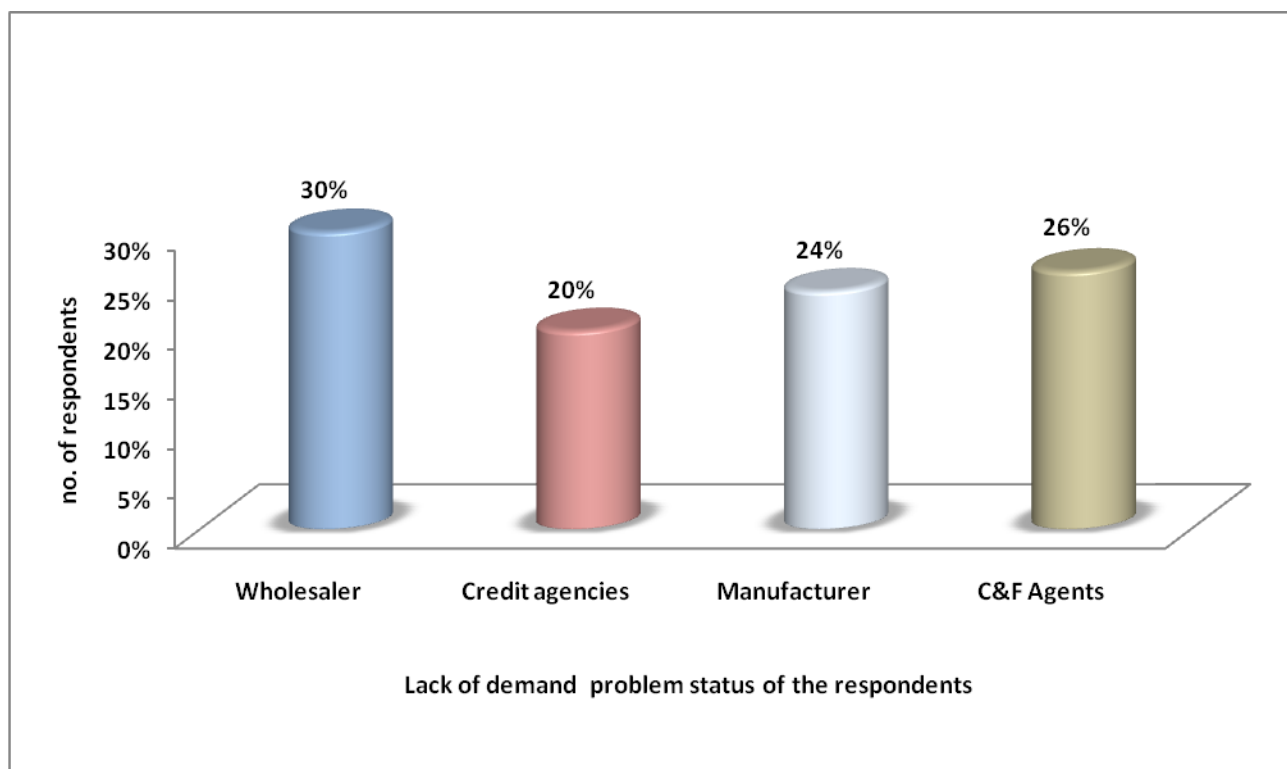


Figure 4.1.14 Lack of demand problem status of the respondents

Table no. 4.1.14 described that the problem of lack of demand is generally faced because of the wholesaler source of marketing having the respondents of 15 (30 per cent), whereas for 13 (26 per cent) of the respondents it is by the C&F agents, and for 12 (24 per cent) of the respondents it is because of manufacturer and lastly for about 10 (20 per cent) of the respondents it is because of the credit agents.

4.1.15 Sample profile with respect to problems related to credit

Source of Channels	No. of respondents	Percentage
Wholesaler	10	20.00
Credit agencies	22	44.00
Manufacturer	9	18.00
C&F Agents	9	18.00
Total	50	100.00

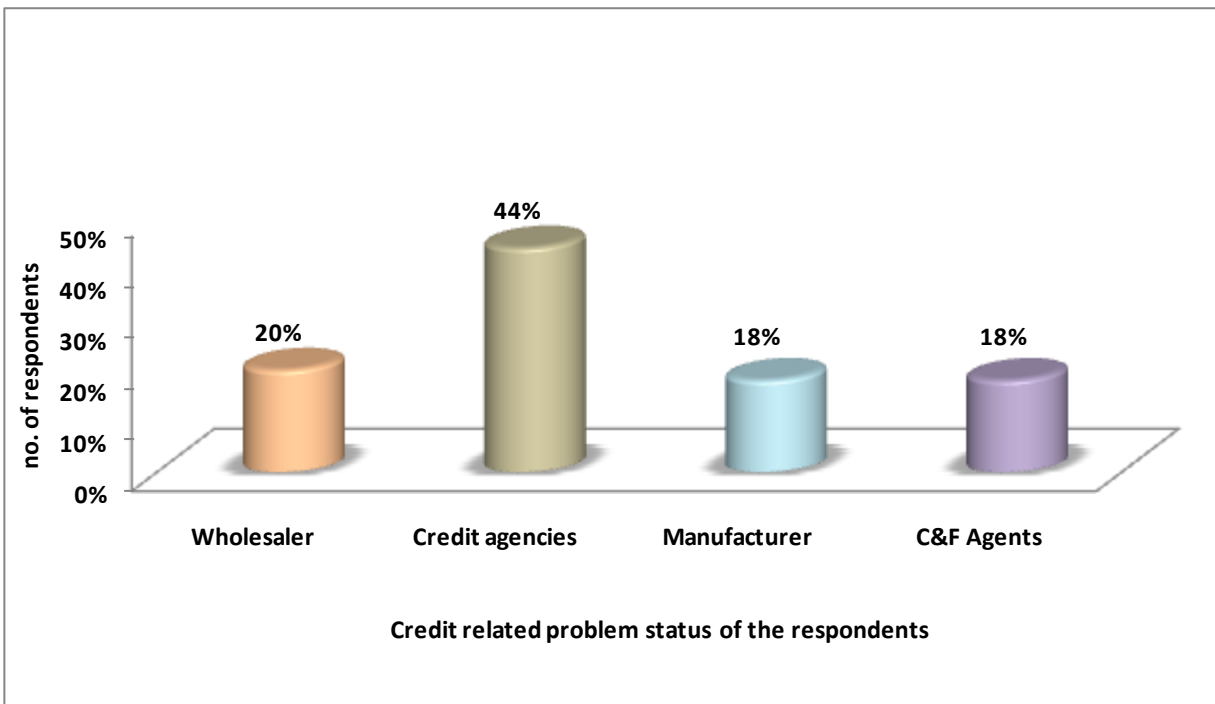


Figure 4.1.15 Credit related problem status of the respondents

Table no. 4.1.15 summarized that the problem related to credit is majorly faced by the source credit agencies with 22 (44 per cent) of the respondents out of the total 50 respondents, while for 10 (20 per cent) respondents this problem is faced because of the wholesaler, and for equally 9 (18 per cent) of respondents it is because of the C&F agents and manufacturer.

4.2.1 Mean Value and Standard Deviation showing opinion of respondents regarding the factors that affects the marketing channel system

I Agree that with change of the following marketing channels also changes	Mean	Standard Deviation
Government policies	3.84	1.08
Demand	3.92	1.08
Consumer behavior	3.96	1.07
Legal problems	3.66	0.80
Geographical area	3.48	1.03

Table no. 4.2.1 depicted mean values showing opinion of respondents regarding to the factors that they think affects the marketing channel system. The findings show mean values for all statements which are depicting opinion of respondents for the factors that are responsible for the change in marketing channels. All mean values are above 3 showing that majority of the respondents think that because of all these five factors, marketing channels are affected. Majority of the respondents felt that govt. policy, demand, legal problems, consumer behavior and geographical areas are responsible for the change in marketing channels system. The Standard deviation showed opinions of the respondents those who agree that with the change in the above factors, it brings change in the marketing channels also. All the above value that are above 1 shows that with change in the factors like government policies, demand, behavior of consumer and legal problems affects the marketing channel system, in other words also those respondents with having the value more than 1 is more deviated, whereas respondents with value 0.08 are less deviated and hence they don't think that a particular factor i.e. legal problems affect the marketing channel.

Chapter 5

SUMMARY AND CONCLUSIONS

In the present chapter the findings are on the Marketing channel system, factors that affect the marketing channel, conflicts that affect the Retailers and their point of view related to the channel system for those retailer dealing in fast moving consumer goods have been briefly presented and the conclusions have been drawn. It has been observed that the numbers of males in retailing are generally more than females, and that females generally work alongside males. In other words that male mainly attributes in the business, nevertheless females generally work as an associate in such works with them.

With respect to the age of the retailers it is observed that a majority of retailers in fast moving consumer goods sector are generally between the age 18 to 30 years, and in order of the education they are mainly graduated and after that they came into the retailing sector, dealing with FMCG goods. The percentage of the respondents with respect to their income is that mainly their monthly income lies in more than 35,000. This means that the income status of the retailers is not that much, while they deal with FMCG goods. The findings also showed that the respondent had generally been into retailing and been part of the channel in marketing for less than five years and also that majority of the respondents are not traditional retailers that mean that they are unconventional in business of retailing of FMCG goods.

Further, the findings revealed that the retailers of Jogindernagar, district Mandi deals in body care and cosmetics more than other FMCG products, after that other deal in office work products of FMCG category and also that the retailers of Jogindernagar who deals in FMCG sector buys their stock mainly from the wholesaler. The study also concluded that if the retailers buy their stocks from wholesaler then they face the problems like margin fluctuation, problem with availability, lack of demand while if they buy their stocks from credit agents then they face problems like price variation and also problems related to credits. The study also concluded that the factors such as government policies, demand, and legal problems, that with change in these factors the marketing channel system also changes so the mean for all the factors is more than three hence it shows that mostly the retailers feels that this factor do affect the marketing channel system.

It is also observed from the research study that credit availability has a vital role in measuring the effectiveness of marketing channel structure. Thus, it may have been suggested to the intermediaries involved to have more vigilance and keen observation over credit system to the retailers to build or maintain a good trading relationship over the years. In FMCG sector, a company cannot reach to the target audience by choosing zero or one level channel system. Thus, it may have been suggested that company should choose a two level or even a more complex channel system to cover maximum market and risk associated to it.

Today customers are brand conscious, so it is the duty of retailer to provide them the branded products, most of the retailers ensured that the FMCG products they are selling were of good quality, due to strong goodwill of brand. Many retailers were giving discount on branded FMCG products, as per company's scheme. Maximum numbers of retailers were not passing on the company sponsored schemes, because the scheme arrived late.

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QUESTIONNAIRE FOR THE RETAILERS IN THE FMCG SECTOR

TITLE: A Study of the Marketing Distribution Channels in FMCG Sector in the Premises of Jogindernagar Distt. Mandi

Dear Sir/Ma'am, I'm a student of Dr. Y.S Parmar University of Horticulture and Forestry, Nauni from MBA Department. I'm conducting a survey on "Marketing Distribution Channel in FMCG Sector in the premises of Jogindernagar Distt Mandi". Please fill this Questionnaire given below. Your cooperation will be highly obliged.

GENERAL INFORMATION

1. Name(optional) :
2. Gender : (a) Male (b) Female
3. Education Qualification : (a) 10th (b)12th
(c) Diploma (e) Graduation
(f) Others
4. Age : (a) <=18 (b) 19-30
(c) 31-40 (d) >=41
5. Income Status : (a) <=15000 (b) 15001-25000
(c) 25001-35000 (d) >=35001
6. Marital Status : (a) Unmarried (b) Married
7. Experience in Marketing Channels : (a) <=5yrs (b) 5 yrs- 10 yrs
(c) 10yrs-15yrs (d) >=15yrs
8. Whether you live in a : (a) Owned house (b) Rented house
9. How long have you or your family been involved in Retailing?
 - (a) Your Parents
 - (b) Your Grandparents
 - (c) Even before then

(d) Not traditional

10. In which of the FMCG products do you deal with?

(a) Toiletries

(b) Office Work

(c) Body Care and Cosmetics

(d) Packed and Unpacked Food

(f) Pharmaceuticals

11. From which source of Marketing do you buy you stocks from?

(a) Wholesaler

(b) Credit Agencies

(c) Manufacture

(d) Carrying and Forwarding Agents (C&F)

DEMOGRAPHIC PROFILE

12. Mark the often problems that you face with which source of channel:

PROBLEMS OF MARKETING CHANNELS	SOURCE OF CHANNEL			
	WHOLESALER	CREDIT AGENCIES	MANUFACTURER	C&F
MARGIN VARIATION				
PRICE VARIATION				
VARIATION IN AVAILABILITY				
LACK OF DEMAND				
CREDIT RELATED PROBLEMS				

13. I agree that the change in the following affects the Marketing Channel System:

CHANGE IN	SCALE				
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Government Policies					
Demand					
Climate					
Legal Problems					
Transportation					

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Title of Thesis	:	Marketing Distribution Channel of FMCG Goods in the premises of Jogindernagar, Mandi District (HP)
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Abstract

Being the fourth largest sector in our Indian Economy, FMCG sector is a hub for goods. The present study has been conducted with the purpose to examine the factors that affect the Marketing distribution channels in FMCG sector, the source of channels involved in the distribution channels of FMCG goods, what kind of problems does the retailers faced while channeling the goods. The area of present study has been the retailers of Jogindernagar, District Mandi, Himachal Pradesh. The data has been collected using convenient sampling from 50 retailers. The primary data for this study has been collected with the help of pre-structured questionnaire. The findings showed that the retailers of Jogindernagar mainly deal in body care and cosmetics more than other FMCG goods and that the retailers generally buy their stocks from wholesaler. The findings further revealed that if the retailers buy their stock from wholesaler then they are likely to face problems like margin variation, lack of demand and problems like price variation and credit related problems are generally faced from the credit agents. It is concluded that factors such as Government policies, Legal problems etc that with change in these factors the marketing channel system also changes.

Keywords: FMCG brands, Distribution channels, FMCG sector, Influencing factors.

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QUALIFICATION

1. MBA (Marketing/Farm Business Management) from Dr Yashwant Singh Parmar University of Horticulture and Forestry, Nauni, Solan
2. B.Sc in Agriculture from Punjab Technical University (76%)
3. 12th (Medical) from GBS Public School, Yamunnagar (65%)
4. Matriculation from Army Public School, Allahabad Cantt (82%)

ACHIEVEMENTS

1. Attended a two days conference at IARI Delhi.
2. Represented Agriculture Department's project and secured 3rd position in Ignite Engineers Competition (of Innovative Ideas) at Chandigarh Group of Colleges, Jhanjeri.

INTERNSHIP

1. 45 days training in Badhan Agritech in Department of Marketing in Shimla.
2. 30 days industrial training in Gencor Hi-Tech Nursery at Mohali.

EXTRA CURRICULAR ACTIVITIES

1. Secured 1st position Inter-college Badminton at DAVIET, Jalandhar.
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3. Selected for Youth Leadership Camp held at MacLeodganj, Dharmshala.

PERSONAL PROFILE

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