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Research Paper

INNOVATIONS IN DISTRIBUTION CHANNELS: ADAPTING TO TECHNOLOGICAL ADVANCEMENTS AND CHANGING CONSUMER BEHAVIORS WITH REFERENCE TO ULTRATECH

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ABSTRACT

It is often believed that one of the goals of manufacturer advertising is to reduce the perceived substitutability of one's own and rival products, or the cross-price elasticity of commodities. Retailers should oppose manufacturer advertising as it lowers cross-price elasticities, which may lead to channel conflict. We refute these common beliefs by showing the advertisements to a small portion of the customer base. We show three points using a Hotelling demand model: Depending on their bargaining power, (1) manufacturers may lose if their advertisements reduce the cross-price elasticities of their products; (2) channel conflict need not occur even if that is the sole purpose of advertising; and (3) retailers may benefit if consumers perceive manufacturers' products as less interchangeable.

When designing a product line, manufacturers often realise that they have little influence over how each item in the line will be marketed to certain demographics. Manufacturers may only influence customers to a certain extent via media communications, product design, and distribution channel decisions; retailers are ultimately the ones that target consumers. Retailers, however, have total control over client interactions, including product presentation and sale, and often put their own interests ahead of that of their customers. Many markets, such as those for often purchased consumer products, appliances, computers, automobiles, etc., frequently experience this. If you're a scholar or professional who wants to understand how manufacturers might employ a targeting strategy that fits their goals and persuade their intermediaries to sell their whole product range, read this article.

The main objective of the article is to determine the most important issues for a manufacturer creating a product line to be sold via a distribution channel. The main participants in the distribution channel problem model for product line design are the manufacturer, the retailer (or retailers), and the consumers. Consequently, the distribution network's three levels are covered.

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I. INTRODUCTION**Distribution (business)**

Physical distribution (or **place**) is one of the four elements of the marketing mix. An organization or set of organizations (go-betweens) involved in the process of making a product or service available for use or consumption by a consumer or business user.

The other three parts of the marketing mix are product, pricing, and promotion.

The distribution channel

Chain of intermediaries, each passing the product down the chain to the next organization, before it finally reaches the consumer or end-user.... This process is known as the 'distribution chain' or the 'channel.' Each of the elements in these chains will have their own specific needs, which the producer must take into account, along with those of the all-important end-user.

Channels

A number of alternate 'channels' of distribution may be available:

- **Distributor**, who sells to retailers
- **Retailer** (also called dealer or reseller), who sells to end customers
- Advertisement typically used for consumption goods

Distribution channels may not be restricted to physical products alone. They may be just as important for moving a service from producer to consumer in certain sectors, since both direct and indirect channels may be used. Hotels, for example, may sell their services (typically rooms) directly or through travel agents, tour operators, airlines, tourist boards, centralized reservation systems, etc.

There have also been some innovations in the distribution of services. For example, there has been an increase in franchising and in rental services - the latter offering anything from televisions through tools. There has also been some evidence of service integration, with services linking together, particularly in the travel and tourism sectors. For example, links now exist between airlines, hotels and car rental services. In addition, there has been a significant increase in retail outlets for the service sector. Outlets such as estate agencies and building society offices are crowding out traditional grocers from major shopping areas.

Channel decisions

- Channel strategy
 - Gravity
 - Push and Pull strategy
- Product (or service) <> Cost <> Consumer location

NEED FOR THE STUDY

Consumer satisfaction is the most important objective for any manufacturing concern to successfully market its products. ULTRA TECH CEMENT has from gradually and would want to take a stock of the satisfaction level of consumers and define areas where possible improvement may be made. The research work has been therefore selected in this area.

The company which produces products doesn't give life to sustain in

competition without sales of products. So sales are important function of the manufacturing company to get profits. Through sales only wealth maximization if possible.

Distributions are also one of the important functions in marketing. Through distribution only one company can sell its products. Here the distribution channels contain the dealers. Who are very near to the customers and act as middlemen between the organizations. So there is a need to study sales and distribute on strategies.

Distribution system includes distribution channels. Which are sets of independent organizations involves in the process of making a product (or) a service available for the consumption. Distribution network is necessary for smooth flow of goods.

OBJECTIVES OF THE STUDY

Primary objective:

To assess the role of dealers in **ULTRA TECH CEMENT** Industries Limited.

Secondary objective:

1. To assess the channel effectiveness in **ULTRA TECH CEMENT**.
2. To find dealers opinion on various issues of the present market situation and furthering (strengthening) channel effectiveness.
3. To offer suggestion in building effective channel strategy to **ULTRA TECH CEMENT**.

SCOPE OF THE STUDY

The study aims to measure satisfaction level of the dealers regarding PCIL. The area within which the study was conducted regarding the information the primary data is collected in the form of questionnaire collected from the dealers in Hyderabad district. To sum up the project had within the scope of the study in the area of "CHANNELS OF DISTRIBUTION" of **ULTRA TECH CEMENT** dealers in Hyderabad district for a particular time (2013-2014)

METHODOLOGY OF STUDY:

In view of the objectives of the study, an exploratory design has been adopted. Further the researcher also touched the descriptive researcher design and causal

analysis to relate between different variables. Exploratory research is one which largely interprets the available information on the study and it lays emphasis on the analysis and interpretation of the exiting and available information. This research is generally useful when we use the information collected from three sources, viz., study of secondary sources, discussion with individuals and analyzing the some specific case.

Sources of Data:

To perform the Research study by Researcher, the sources of data obtained are:

Primary Data:

This data is obtained by interacting and interviewing the dealers in Hyderabad district.

Secondary Data:

This data is obtained directly from the company in the form of brochures, charts, diagrams, document and other forms.

Data Collection Tool:

Questionnaire:

This is one of the data collection tools. It is quite popular particularly in case big enquires. It is being adopted by private individuals, research worker, private and public organization and even government. In this method, a questionnaire is issued to the persons concerned with a request to answer the questions and return the questionnaire. A questionnaire consists of number of questions printed or typed in a definite order or a form or set of forms

The researcher used the structured questionnaire in which the questions were:

Open-ended questions

Close-ended questions

Dichotomous questions

Multiple choice questions

Sampling Design

The researcher has done his research study on the dealers of ULTRA TECH CEMENT to know their present satisfaction and expectation from this brand. The researcher selected the dealers of ULTRA TECH CEMENT at Hyderabad district for his research study.

Sampling Plan

Sample size: Sample size consists of 100 dealers.

Sampling unit: The Sampling unit includes all the dealers of ULTRA TECH CEMENT products present in Hyderabad District.

Sampling method: For collecting information from dealers, non-probabilistic simple random sampling method is used.

LIMITATIONS OF THE STUDY:

The selected sample members are conspicuous and inconspicuous in nature. So, there is chance to arise some errors in the courts of survey.

The errors may be as follows:

- Respondents may not disclose the right information, because the researcher is very stranger to them.
- Respondents may give pleasing answers to the researchers even though it is not correct from the prospective.
- The perceptual values like status, not-disclosure of the correct information and difficulty in expressing their personal feeling to an unknown researcher can bring wrong opinion poll ton filling the questionnaire. Since, the sample size is small; a perfect mix of the respondents may not be available for the researcher to conduct the opinion survey.

II. REVIEW OF LITERATURE

The Nature of Distribution Channels

Most businesses use third parties or **intermediaries** to bring their products to market. They try to forge a "distribution channel" which can be defined as

"all the organisations through which a product must pass between its point of production and consumption"

Why does a business give the job of selling its products to intermediaries? After all, using intermediaries means giving up some control

over how products are sold and who they are sold to.

The answer lies in efficiency of distribution costs. Intermediaries are specialists in selling. They have the contacts, experience and scale of operation which means that greater sales can be achieved than if the producing business tried run a sales operation itself.

Managerial concerns

The channel decision is very important. In theory at least, there is a form of trade-off: the cost of using intermediaries to achieve wider distribution is supposedly lower. Indeed, most consumer goods manufacturers could never justify the cost of selling direct to their consumers, except by mail order. Many suppliers seem to assume that once their product has been sold into the channel, into the beginning of the distribution chain, their job is finished. Yet that distribution chain is merely assuming a part of the supplier's responsibility; and, if they have any aspirations to be market-oriented, their job should really be extended to managing all the processes involved in that chain, until the product or service arrives with the end-user. This may involve a number of decisions on the part of the supplier:

- Channel membership
- Channel motivation
- Monitoring and managing channels

Type of marketing channel

1. Intensive distribution - Where the majority of resellers stock the 'product' (with convenience products, for example, and particularly the brand leaders in consumer goods markets) price competition may be evident.
2. Selective distribution - This is the normal pattern (in both consumer and industrial markets) where 'suitable' resellers stock the product.
3. Exclusive distribution - Only specially selected resellers or authorized dealers (typically only one per geographical area) are allowed to sell the 'product'.

Channel motivation

It is difficult enough to motivate direct employees to provide the necessary sales and

service support. Motivating the owners and employees of the independent organizations in a distribution chain requires even greater effort. There are many devices for achieving such motivation. Perhaps the most usual is 'incentive': the supplier offers a better margin, to tempt the owners in the channel to push the product rather than its competitors; or a compensation is offered to the distributors' sales personnel, so that they are tempted to push the product. Dent defines this incentive as a Channel Value Proposition or business case, with which the supplier sells the channel member on the commercial merits of doing business together. He describes this as selling business models not products.

Monitoring and managing channels

In much the same way that the organization's own sales and distribution activities need to be monitored and managed, so will those of the distribution chain.

In practice, many organizations use a mix of different channels; in particular, they may complement a direct salesforce, calling on the larger accounts, with agents, covering the smaller customers and prospects. these channels show marketing strategies of an organisation. Effective management of distribution channel requires making and implementing decision in these areas. 1- Recruiting 2-Training 3-Motivating 4- Servicing 5-Compensating 6-Evaluating and replacing channel members.

Marketing:-

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.

The present generation of producers is intelligent in regard to the application of procedures. They first want to find out what the consumers want. Then they produce goods according to the needs of the consumers. They realized that only such products could be sold to the best satisfaction of the users and at a profit to the maker. For this arrangement,

however, the whole organization has to be rearranged in a most complex manner.

Indian Distribution System:

It is also important to assess how the distribution task is being performed in India. This task can be undertaken by measuring the number of functionaries in each class, their organizational structure and their capital structure. The margins charged by them would be a function of the quantum of goods moved and the population served by them and services rendered by them and would also assist in the task if measuring their performance. Dividing the members involved in each type of trade we can briefly get an idea about the average productive capital required in each class of trade. Having assessed the inputs, structure and size their distribution all over India we are now in a position to assess how the task is being performed in terms of output.

Distribution logistics:

Logistics was a military term referring to complete system of moving, supplying and quartering troops. Businessmen broadened logistics to include any type of transportation and storage. Marketers applied the term to mean the physical handing of products. They also began employing the term 'physical distribution' in place of logistics. The area of physical distribution has received considerable attention. The attention was quite justified for a country such as ours because of its traditional short supply markets of for the gaps often witnessed between the demand and available of products. Prices of essential commodities of daily consumptions are particularly amenable to any dislocation in physical distribution. If any evidence is required, we need the concerns and anxieties associated with news of strike in Rail and road transport.

Role of Distribution:

The major role that distribution plays in any economy is that it constitutes the process by which goods and services become available for consumption. Manufacturers of goods and services specialize in generating

structural of form utility for their products, in the sense that they create a unique set of demand satisfiers in the form of their offering. The actual mass scale delivery of these offerings to the consuming public requires a different kind of specialized effort. This generates time, place and possession utility. In other words, you cannot obtain and consume a finalized product unless the product is transported to a place where you can get access to it; stored till you are ready to buy it and ultimately exchange for money so that you can gain possession of it.

Physical Distribution and Channels of Distribution:

If distribution could be treated as a whole function of marketing, physical distribution and channels of distribution. It is found that these two terms are used, sometimes, interchangeably. Channels of distribution refer, primarily, to the middlemen of intermediary marketing instructions which perform certain marketing functions. More than performing the function, these institutions try to gain access to the target market. Physical distribution, on the other hand, concerns with material aspects of the flow of goods to the consumers. It includes transportation, storage, warehousing, packaging, etc. it is technical function in the sense that it ensures availability of products at the right time, at the right place and in the right form. The term is used often in a broad sense to include channels of distribution also.

Distribution Objectives

Objectives: A firm's distribution objectives will ultimately be highly related—some will enhance each other while others will compete. For example, as we have discussed, more exclusive and higher service distribution will generally entail less intensity and lesser reach. Cost has to be traded off against speed of delivery and intensity (it is much more expensive to have a product available in convenience stores than in supermarkets, for example).

Narrow vs. wide reach: The extent to which a firm should seek narrow (exclusive) vs. wide

(intense) distribution depends on a number of factors. One issue is the consumer’s likelihood of switching and willingness to search. For example, most consumers will switch soft drink brands rather than walking from a vending machine to a convenience store several blocks away, so intensity of distribution is essential here. However, for sewing machines, consumers will expect to travel at least to a department or discount store, and premium brands may have more credibility if they are carried only in full service specialty stores.

Retailers involved in a more exclusive distribution arrangement are likely to be more “loyal”—i.e., they will tend to

- Recommend the product to the customer and thus sell large quantities;

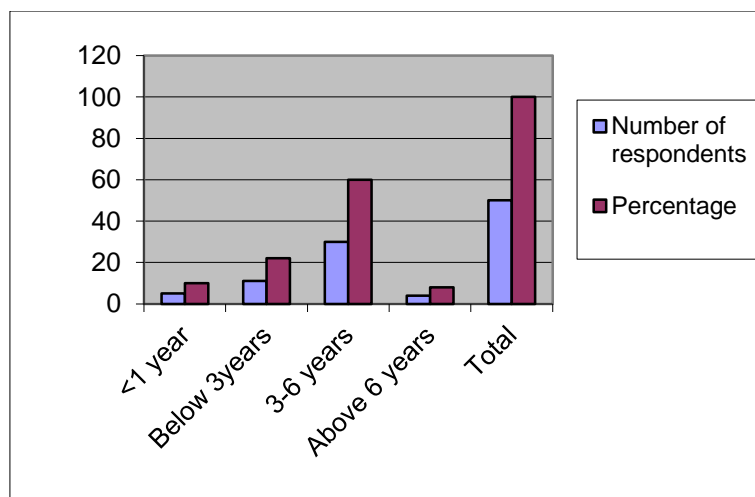
III. DATA ANALYSIS & INTERPRETATION

Table -1

Dealers relation with ULTRA TECH CEMENTs Industry

Business experience	Number of respondents	Percentage
<1 year	5	10
Below 3years	11	22
3-6 years	30	60
Above 6 years	4	8
Total	50	100

Graph : 1



Inference: -

8% of the dealers have more than 6-years experience. 60% of the dealers have 3-6 years experience. Followed by 22% of the dealers having less than 3 years and 10% of the dealers have one year experience.

Table-2

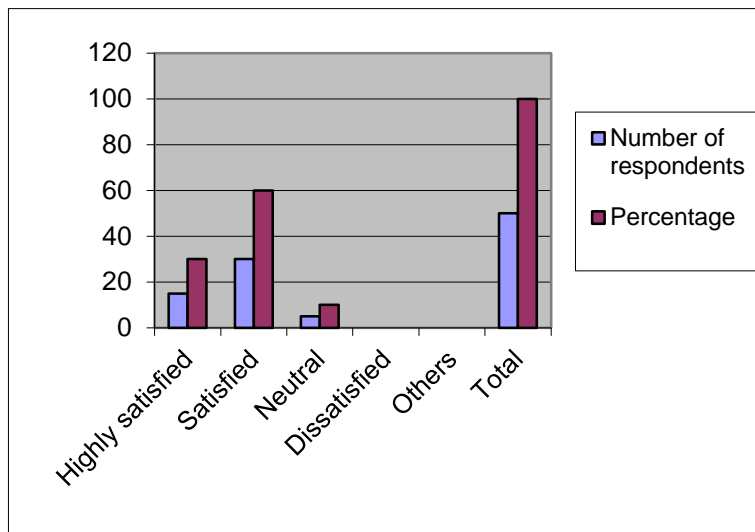
- Carry larger inventories and selections;
- Provide more services

Thus, for example, Compaq in its early history instituted a policy that all computers must be purchased through a dealer. On the surface, Compaq passed up the opportunity to sell large numbers of computers directly to large firms without sharing the profits with dealers. On the other hand, dealers were more likely to recommend Compaq since they knew that consumers would be buying these from dealers. When customers came in asking for IBMs, the dealers were more likely to indicate that if they really wanted those, they could have them—“But first, let’s show you how you will get much better value with a Compaq.”

Dealers feeling about Company Image

Dealers Opinion	Number of respondents	Percentage
Highly satisfied	15	30
Satisfied	30	60
Neutral	5	10
Dissatisfied	0	0
Others	0	0
Total	50	100

Graph : 2



Inference:-

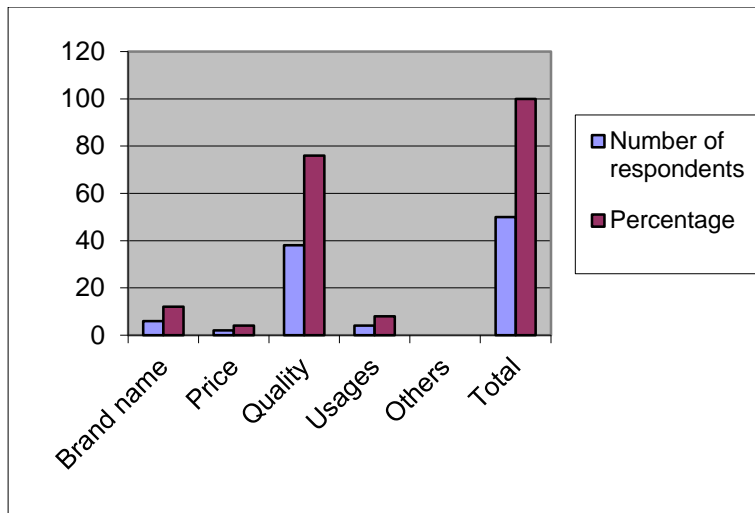
30% of the dealers falling highly satisfied about companied image and 60%of the dealers were feeling moderately satisfied, 10% of the dealers were feeling satisfied about companies image.

Table-3

To know on which aspects the customer gets more satisfaction

Dealers opinion	Number of respondents	Percentage
Brand name	6	12
Price	2	4
Quality	38	76
Usages	4	8
Others	0	0
Total	50	100

Graph : 3



Inference: -

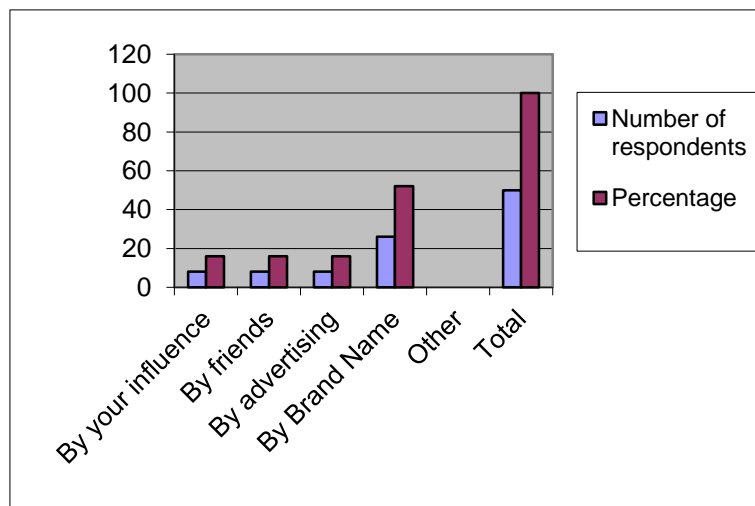
Majority of the respondents are giving first preference to quality, second preference to brand name, then followed by product, usage and price.

Table-4

Customers come to shop

Dealers opinion	Number of respondents	Percentage
By your influence	8	16
By friends	8	16
By advertising	8	16
By Brand Name	26	52
Other	0	0
Total	50	100

Graph : 4



Inference: -

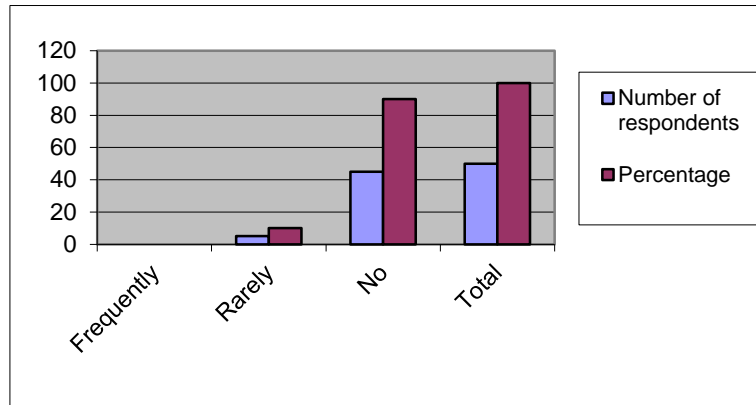
From the above table it is inferred that majority of the customers come to retail outlets by the influence of brand name of ULTRA TECH CEMENT and followed by advertising, dealers influence.

Table-5

Stock out problems

Dealers opinion	Number of respondents	Percentage
Frequently	0	0
Rarely	5	10
No	45	90
Total	50	100

Graph : 5



Inference: -

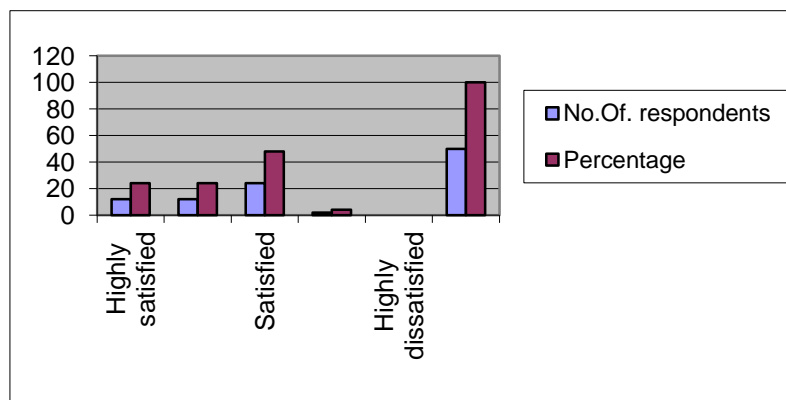
90% of the dealers are getting satisfied with the supply of ULTRA TECH CEMENT by expressing that they do not come across stock out problem.

Table-6

Dealer satisfaction on supply of product

Dealers Opinion	No. of. Respondents	Percentage
Highly satisfied	12	24
Moderately satisfied	12	24
Satisfied	24	48
Dissatisfied	2	4
Highly dissatisfied	0	0
Total	50	100

Graph : 6



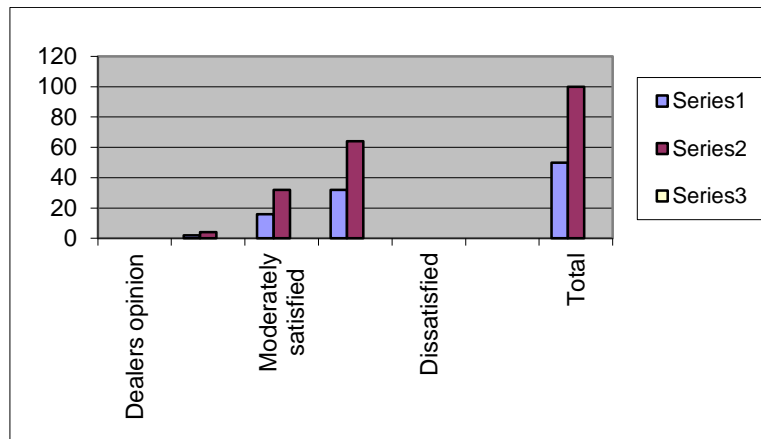
Inference: -

48% of the dealers are satisfying by the supply and 24% moderately satisfying, 24% highly satisfied and 2% dissatisfied.

Table-7
Dealers’ satisfaction on in time deliveries

Dealers opinion	No.Of. Respondents	Percentage
Highly satisfied	2	4
Moderately satisfied	16	32
Satisfied	32	64
Dissatisfied	0	0
Highly dissatisfied	0	0
Total	50	100

Graph : 7



Inference:-

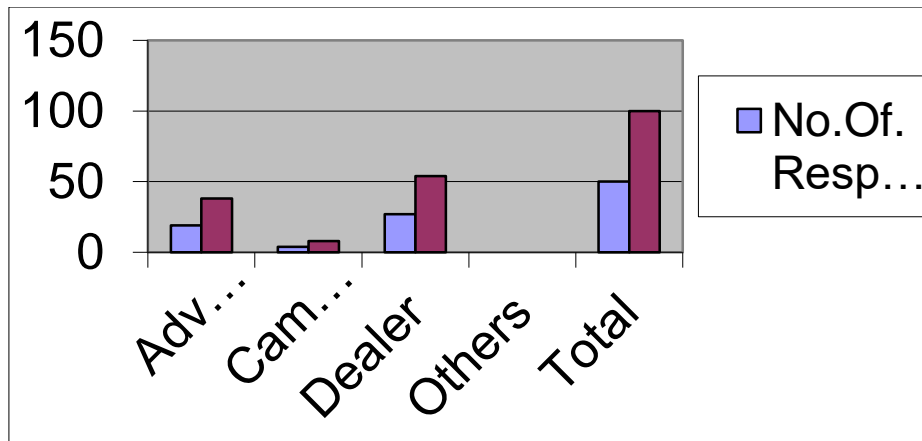
The majority of the dealers are satisfied with the mode of dispatch by the company

Table-8

Customers’ Awareness’

Dealers opinion	No.Of. Respondents	Percentage
Advertisement	19	38
Campaign	4	8
Dealer	27	54
Others	0	0
Total	50	100

Graph : 8



Inference:-

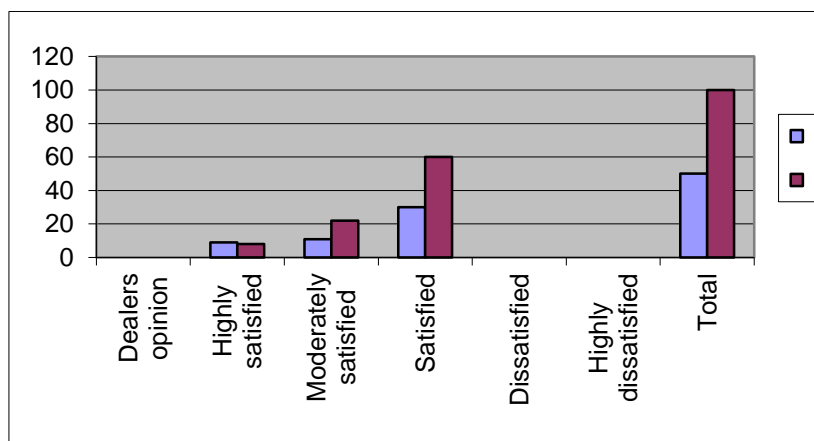
The above table shows that 54% respondents are saying that dealers play majors in customer’s awareness about the product. And 38% of respondents are stating that advertisement is second highest promotional activity to create awareness in the minds of customer.

Table-9

Sales satisfaction

Dealers opinion	No. of. Respondents	Percentage
Highly satisfied	9	8
Moderately satisfied	11	22
Satisfied	30	60
Dissatisfied	0	0
Highly dissatisfied	0	0
Total	50	100

Graph : 9



Inference:-

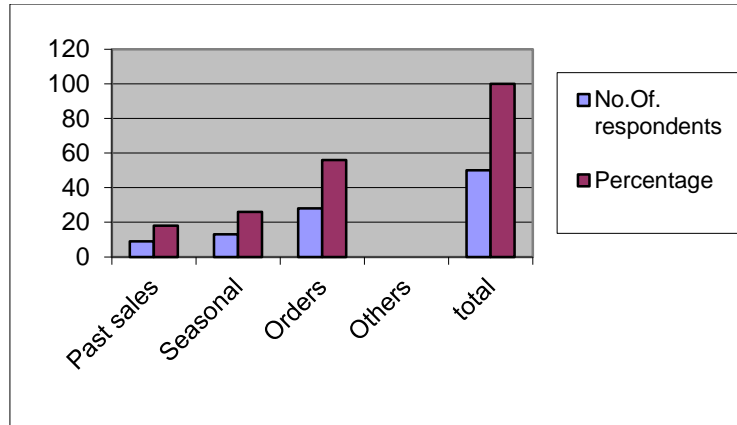
60% of the dealers are satisfying the sale of ULTRA TECH CEMENT’s product following 22% if the dealers moderately satisfied, 18% of the dealers were highly satisfied.

Table-10

Demand estimation on various products

Dealers opinion	No. of. Respondents	Percentage
Past sales	9	18
Seasonal	13	26
Orders	28	56
Others	0	0
Total	50	100

Graph : 10



Inference:-

The high percent of dealers are estimating the demand for the product through orders and 26% of are estimating on seasonal base.

IV. FINDINGS

1. Majority of the dealers having 3 to 6 years experience, and less number of dealers having above 6 years experience.
2. Majority of dealers just satisfied about the company’s image, remaining are neutral, Highly satisfied.
3. Majority of the customers satisfying about the quality of the product next preference given brand name followed by usages, price.
4. Most of the dealers expresses customers visit to shop by brand name only. And followed dealers influence, by friends, by advertising.
5. The entire dealers were saying they do not face any difficulties to deal with the customers to selling the product.
6. Majority of the dealers saying they do not come across stock out problems.
7. Majority of the dealers satisfying with the supply from the company and very few members satisfied, dissatisfied.

8. All the dealers were saying the entire floor space were providing only for goods storing purpose.
9. Majority of the dealers satisfied with the mode of dispatch by the company. And few members were moderately satisfied, highly satisfied.
10. Majority of the dealers they estimate the demand for various products by the orders and followed by seasonal base and past sales.
11. All the dealers were saying they do not face any difficult in dealing with the company.
12. Majority of the dealers were saying about the fright it incurs 2% to receive goods from company to your stock point.

V. CONCLUSION

Lastly, we may say that the distribution channel is a network of linked intermediaries that help move goods and services from manufacturers to end users. Decisions on distribution channels provide products the benefits of time and place.

On the other hand, charitable giving focusses on reducing the distance a product has travel to meet the needs of the client, who is its ultimate destination.

One approach to see the importance of location is as a means of identifying items that are more likely to be bought when they are near the client, who is less likely to make significant efforts to get them. The opposing viewpoint is that customers are willing to go to considerable measures in order to get limited-edition goods that are only available in certain places.

VI. SUGGESTIONS

1. Provide opportunity for new entrants in the business.
2. To create awareness about the company, using of various ways of promotional activities such as advertisement, to maintain the better relation with dealers.
3. If possible increase the quality of the product and reduce the price.
4. Company and dealers should try to maintain customer good relationship as much as the possible.
5. Try to maintain better supply chain in order to improve the services. Supply the products with in time to the dealers.
6. Try to provide discounts to dealers and credit facilities.
7. Customers, who purchase the huge amount of products, provide free home delivery to customers place.

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