
A STUDY ON DISTRIBUTION CHANNEL OF AACHI PRODUCTS AT AACHI GROUP

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Abstract

A distribution channel is a chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer. It can include wholesalers, retailers, and distributors. Channels are broken into direct and indirect forms, with a "direct" channel allowing the consumer to buy the good from the manufacturer, and an "indirect" channel allowing the consumer to buy the good from a wholesaler or retailer. It is the path by which all goods and services must travel to arrive at the intended retailer or customer. Conversely, it is also used to describe the pathway that payments make from the end retailers to the original vendor. It can be short or long, and depend of intermediaries required to deliver a product or service. However, goods and services are sometimes passed to retailers through multiple channels, a combination of short and long. While increasing the number of ways in which a retailers can find a good can increase sales, it can also create a complex system that sometimes makes distribution management is difficult. While a distribution channel can sometimes seem endless, there are three main types of channels, all of which include a combination of a producer, wholesaler, retailer and end consumer.

The first channel is the longest in that it includes all four, from producer to the end consumer. The masala industry is a perfect example of this long distribution channel. In this industry, cannot sell directly to a retailer. It operates in what is known as the three-tier system, law to first sell its product to a wholesaler, who then sells to a retailer. The retailer, in turn, sells the product to the end consumer. The second channel is one where the producer sells directly to a retailer, who then sells the producer's product to the end consumer. This means the second channel contains only one intermediary. The third and final channel is a direct to consumer model where the producer sells its product directly to the end consumer. This paper discusses the current distribution channel followed by Aachi group pvt. ltd, to analyze the level of satisfaction toward Aachi products, to analyze the factor influencing the purchase of Aachi products and to know the importance of distribution strategy in the positioning of Aachi products.

Keywords: *Distribution Channel, Indian Spices, Aachi Masala, Aachi Groups, Aachi Products, Aachi Brand.*

Introduction

The distribution function of marketing is comparable to the place component of the marketing mix in that both center on getting the goods from the producer to the consumer. A distribution channel in marketing refers to the path or route through which goods and services travel to get from the place of production or manufacture to the final users. It has at its center transportation and logistical considerations.

Business-to-business (B2B) distribution

It occurs between a producer and industrial users of raw materials needed for the manufacture of finished products. For example, a logging company needs a distribution system to connect it with the lumber manufacturer who makes wood for buildings and furniture.

Business-to-customer (B2C) distribution

It occurs between the producer and the final user. For instance, the lumber manufacturer sells lumber to the furniture maker, who then makes the furniture and sells it to retail stores, who then sell it to the final customer.

Direct vs. Indirect

In marketing, goods can be distributed using two main types of channels: direct distribution channels and indirect distribution channels.

Direct Distribution Channel

A distribution system is said to be direct when the product or service leaves the producer and goes directly to the customer with no middlemen involved. Example, both the car wash and the barber utilize direct distribution because the customer receives the service directly from the producer. This can also occur with organizations that sell tangible goods, such as the jewelry manufacturer who sells its products directly to the consumer.

Indirect Distribution Channel

Indirect distribution occurs when there are middlemen or intermediaries within the distribution channel. In the wood example, the intermediaries would be the lumber manufacturer, the furniture maker, and the retailer. The larger the number of intermediaries within the channel, the higher the price is likely to be for the final customer. This is because of the value adding that occurs at each step within the structure.

Industry Profile

Indian spices are famous all over the world for their rich taste and unique flavor. India produces variety of spices all across the country varying with the climatic conditions. India has been cultivating spices for ages and also exporting them to other countries around the world. Indian spices add to the taste of food, giving it a delicious flavor and making it absolutely yummy.

The most popular Indian spices used are Asafetida (Hing), Bay leaves, Cardamom (Elaichi), Cayenne pepper (LalMirch), Cinnamon (Dalchini), Cloves (Luong), Kokum, Cumin (Jeera), Fennel (Soonf), Fenugreek (KasuriMethi), Mango powder (Amchur), Mint (Pudina), Nutmeg and mace (Jaiphal and Javitri), Onion Seeds (Kalonji), Saffron

(Zaffran) and many others. Here is a list of the most popular brands of India (Indian Masala Brands) which produce Indian Spices.

Aachi Masala Foods (P) Ltd. produces South Indian Spice Powders and other Food Products. It offers Masala Powders, Rice Paste, Cooking Paste, Ready to Cook Meals, Pickles, and Flour Products. The Company's Products include Kulambu Chilli Powder, Tomato Rice Powder, Curry Masala, Madras Sambhar Masala, Garam Masala, Rasam Powder, Egg Masala, Chicken Masala, Fennel Powder, Coriander Powder, Cumin Powder, Onion Rice Paste, Ghee Rice Paste, and Tomato Rice Paste.

Formation of Aachi Group

Aachi Group was found in the year 1995 by Dr. A.D.Padmasingh Isaac, a first generation Entrepreneur with BBA and hailing from Nazareth in Tirunelveli District of Tamil Nadu.

Dr. Isaac had earlier served for Godrej Soaps as Area Manager for over a decade. The Tamil word "Aachi" is used for addressing women with respect. It has also been derived from the word "Aachi" which means "to rule". In Silappathikaram, a Tamil epic, the Aachiyar Family provided food and shelter to Kovalan and Kannaki, the legendary couple. Undoubtedly, Aachi has come to rule the kitchen today.

Dr. A.D. Padmasingh Isaac, Chairman and Managing Director of Aachi Group of Companies was born in December 1955 in a middle class family at Nazareth, Tirunelveli District. He did his graduation in Business Administration from Aditanar College, Tiruchendur and joined for Godrej Soaps as Sales Officer. In view of his excellent and meritorious performance, within two years he was promoted as Area Sales Manager in charge of Tamil Nadu. His 10 years of experience in Godrej Soaps that kindled his entrepreneurial spirit in Dr. Isaac. In 1995, he started with a product of Liquid Blue and thereafter, introduced Aachi Masala products in rural and semi urban areas of Tamil Nadu. He has well knowledge in the abundant market potential of all standards of work life before several MNCs stepped in aggressive rural marketing. Within 12 years, Aachi has out beaten its competitors and has emerged as the No.1 FMCG Brand in South India. Today, Aachi has 150 products. Besides Aachi product launched in Chennai today, will be available in the posh corner of Tamil Nadu within six days that isolates the vast and efficient retail marketing network of Aachi. It has been growing in larger Spectrum with an average of 20 – 30% growth every year. Aachi's products reach the consumers through 4000 Agents and 12 Lakh Retailers. The product range is classified to be 9 divisions for easy distribution. It is expected to strive the magical figure of Rs 1400 Crores in turnover by March 2018. The Aachi Group comprises of the following companies.

- Aachi Masala Foods (P) Ltd
- Aachi Spices & Foods (P) Ltd
- Aachi Special Foods (P) Ltd

Aachi has become a household name because of its excellent quality products catering to the common people. The product range is so wide that no household can afford to miss Aachi products from its kitchen. The success of Aachi can be attributed to the following: Excellent Quality products, Strong resources & Marketing Network, Continuous Market Analysis and Survey of Customer Needs, Standardization & Upgradation of products as per International Standards and Excellent Brand Recall.

Vision

To manufacture and market food products on a sustainable basis catering to all segments of the society at affordable prices and increases the intrinsic value for all stakeholders with the highest Corporate Governance Standards.

Mission

Aachi is dedicated to provide the customers with the finest, high-quality products, hygienically prepared and competitively priced, living up to their expectations and suppliers for achieving symbiotic relationship.

- **Sector:** Private sector
- **Industry:** Food Processing/ Beverages (FMCG)
- **Turn over:** 1100 cores per annum
- **No. of employees:** 2300

Products trading

Kulambuchilly Powder, Sambar Powder, Rasam Powder, Garam Masala, Curry Powder, Briyani Masala, Vathakulambu Masala, Butter Milk Kulambu Masala, Chukkumalli Powder, Tamarind Rice Powder.

Products Manufacturer

Masala Powder, Rasam Powder, Sambar Powder, Briyani Masala Powder, Chicken Powder, Spices, Spices Masala Powder, Chilly Chicken Powder, Vaddhakolambu Masala.

Products Supplier, Exporter and Distributors

Vegetable Masala Powder, Madras Sambar Powder, Gobimanchurian Mix, Idli Chilly Powder, Lemon Rice Powder, Tomato Rice Powder, Tamarind Rice Powder.

Values

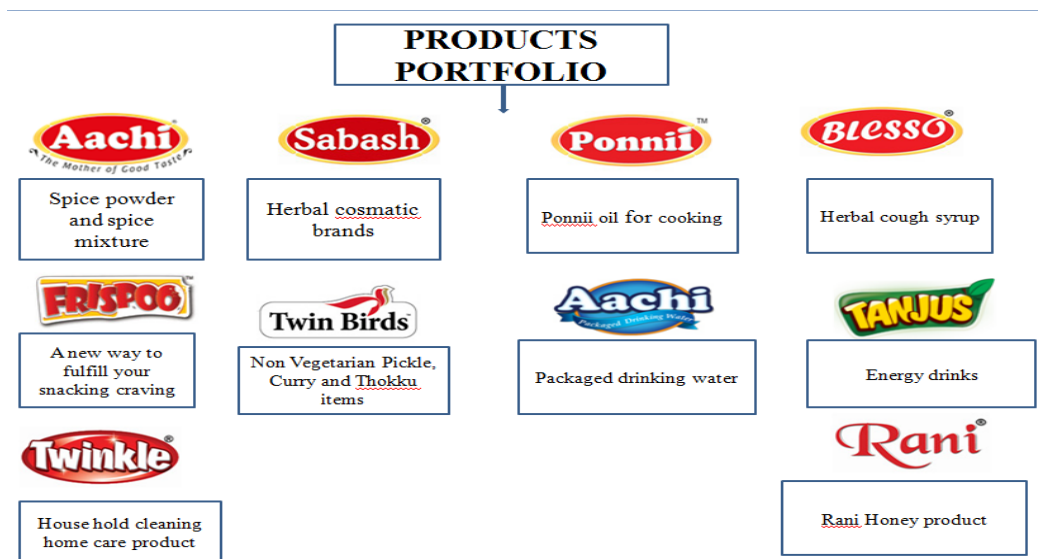
Quality is everywhere and in everything. This is the core value which is the very foundation of our existence and market growth. In a highly competitive customer oriented market, it manufactures best quality products aimed at total customer satisfaction. Building on scientific know-how and experience, Aachi has strengthened its position as one of the leading food processors in India and around the Globe. Aachi

Masala is committed to supply safe food to customers and develop a motivated team with concern for environment and personal safety.

Sponsorships & Events

Aachi Masala has been playing a significant role in contributing, supporting and hosting many events, religious festivals, competitions, TV shows, forums etc., in companies, schools, colleges with commitment and sincerity for so many years now. Thus forming a platform for our customers to connect to their passion & enhance their experience at the events or shows on television

AACHI brands in the market



Statement of the Problem

There is a problem with distribution of Aachi products. This study was undertaken to find out the existing system of distribution channel of Aachi products and also to suggest improvement measures to enhance the existing distribution system so that the market share of Aachi products can be improved in the years to come.

Objectives of the Study

Primary Objective

- To Study and analyse the existing distribution channel in the marketing of Aachi products at Aachi Groups.

Secondary Objectives

- To analyze the level of satisfaction toward Aachi products.
- To analyze the factor influencing the purchase of Aachi products.
- To know the importance of distribution strategy in positioning of Aachi products.

Scope of the Study

- The study mainly focuses on how goods passed from manufacture to the distributor or retailer to customer. Here we will come to know about the market format to pass the product at different level to reach the goal as well as to full fill the need.
- The study suggests the distribution channel that is best suited for the organization and their products.
- The study looks at the overall way in which products get from the manufacturer to the end user. The study will help the company to improve their distribution strategy. The study has future scope in comparing the distribution of such products across different companies or brands of food products in Tamil Nadu or in India.

Research Methodology

The study is undertaken to check the distribution channel of Aachi products or brands that moves frequently in the market. The study focuses on why retailer prefers this product and reveals the factors that influence the adoption of Aachi products. The findings will be based on the numerical values of the data analysis. The type of research design is descriptive research.

Sampling Design

Convenience Sampling is chosen to select the retailers of Aachi products. This method is selected based on the researcher's convenience in an unrestricted manner. The sample size is calculated through the formula method. Sample Size is 45.

Results and Discussion

Table - 1 Factors for Stocking Aachi Brand of Products

| Factors | No. of respondents | Percentage of respondents |
|--------------|--------------------|---------------------------|
| Price | 30 | 66.7 |
| Availability | 7 | 15.6 |
| Taste | 7 | 15.6 |
| Variety | 1 | 2.1 |
| Total | 45 | 100 |

Source: Primary Data

Interpretation

It is observed from the above table that price (66.7%) is the major factor for stocking Aachi products by the retailers.

Table – 2 Sources through which Retailers get Aachi Products

| Sources | No. of respondents | Percentage of respondents |
|--------------|--------------------|---------------------------|
| Distributor | 28 | 62.2 |
| Whole seller | 9 | 20 |
| Supplier | 8 | 17.8 |
| Total | 45 | 100 |

Source: Primary Data

Interpretation

From the table, it is observed that 62.2% of retailers get Aachi products through distributors.

Table – 3 Location of Stocking Aachi Products by the Retailers

| Particulars | No of respondents | Percentage of respondents |
|--------------|-------------------|---------------------------|
| Anna Nagar | 9 | 20.0 |
| Ambatur | 8 | 18 |
| Aminjikarai | 7 | 15.6 |
| Moolakadai | 11 | 24.4 |
| Total | 45 | 100 |

Source: Primary Data

Interpretation

It is witnessed that the retailers at Moolakadai (24.4%) are more likely to stock Aachi Products.

Table – 4 Satisfaction level of Aachi Products by the Retailers

| Satisfaction level | No of respondents | Percentage of respondents |
|----------------------|-------------------|---------------------------|
| Fully Satisfied | 45 | 100 |
| Partly Satisfied | - | - |
| Not at all Satisfied | - | - |
| Total | 45 | 100 |

Source: Primary Data

Interpretation

It is observed from the above table that the entire retailers are fully satisfied with Aachi Products they sell.

Table – 5 Mean Values of the Different Attributes of Aachi Products

| Attributes | N | Mean |
|------------|----|--------|
| Packing | 45 | 2.1111 |
| Discounts | 45 | 2.1778 |

| | | |
|---|----|--------|
| Feedback | 45 | 2.2889 |
| Demonstration | 45 | 2.2000 |
| Salesman satisfaction | 45 | 2.6000 |
| Promoters | 45 | 2.2000 |
| Pricing | 45 | 2.3333 |
| Aachi brand image | 45 | 2.1556 |
| Satisfied with the sales of Aachi products. | 45 | 2.1556 |
| Satisfaction with Aachi distributors | 45 | 2.1111 |
| Frequency of Purchase of Aachi products | 45 | 2.0667 |

Source: Primary Data

It is observed that the attributes of Aachi products are good for all factors since the mean value of all attributes is more than 2 out of 3.

Findings of the Study

- It is observed that price (66.7%) is the major factor for stocking Aachi brand of products among the retailers.
- It is observed that availability (14.7%) is the one of the factor for stocking Aachi products among the retailers.
- It is observed that taste (14.5%) is the one of the factor for stocking Aachi products among the retailers.
- It is observed that variety (2.7%) is the minor factor for stocking Aachi products among the retailers.
- 62.2% of retailers get Aachi products through distributors.
- It is witnessed that the retailers at moolakadai (24.4%) are more likely to stock Aachi Products.
- It is witnessed that the entire retailers (100%) are fully 'satisfied' with the Aachi products they sell.
- Retailers prefer Aachi products (73.3%) to other brands of products like Sakthi and Everest.
- Offers and Discounts (82.2%) are the Promotional activities most preferred by the Retailers.
- One of the major drawbacks of Aachi products is that all the flavors do not reach at each and every retail outlets.
- Most of the retailers' especially small retailers have complained that the sales man does not inform about any sales promotional schemes of Aachi products.
- 66.7% of retailers choose Aachi brands because of its price. Remaining 33.3% of retailers choose the brand because of availability and taste of the product.

- 48.8% of retailers prefer to buy Aachi products based on “buy one get one” sales promotional scheme and remaining 51.2% of retailers choose based on “free gifts and cash incentives” as their promotional schemes.
- Retailers are favorable towards the Aachi brand of products namely Aachi Masala (35.5%), Aachi Food (27%), Aachi Pickles (22%) and Aachi Gee (15%).
- Retailers are more preferable with sales promotion (66.7%) provided by Aachi Company followed by Publicity and Personal Selling (33.3%).

Suggestions

- Since all flavors of Aachi are not available to every retail outlets, steps should be taken to ensure its availability by proper tracking and monitoring at the retailer level.
- By giving different flavors of Aachi products at the retail level, the frequency of its purchase may be improved.
- Since sales promotion scheme is not conveyed by salesmen, this should be ensured by proper supervision and monitoring of salesmen. There should be correct feedback from the retailers on the performance of salesman. It reduces the discrepancy among the retailers and the management.
- Since Aachi has a price advantage, this should be made in their Promotional activities.
- Since only Aachi masala is fast moving, steps should be taken to promote other Aachi products through incentives and other promotional measures.
- Since retailers get Aachi product from distributors, some retailers also prefer Wholesalers for getting the products.
- Improve the quality of packaging of Aachi products so that its market share will get increased to 25% which is estimated for the year 2018.
- Marketing executives must focus more on making better relationship with retailers.

Conclusion

Though there were certain limitations in the study that was conducted, the sample allowed for some conclusions to be drawn on the basis of analysis that was done based on data collected. The data has clearly indicated that Aachi products are popular in the market. The study also indicated that the retailers are satisfied with all Aachi products and purchase them throughout the year.

In today's scenario, customer is the king because he has got various choices around him. It is the retailer who makes the product available to the customer. So retailer has a major role in the distribution channel. Therefore satisfying retailers with better services and promotional schemes is necessary to survive in this cutthroat competition.

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