Thesis Report

on

Product's Distribution Channels in Bangladesh: A Case Study on PRAN-RFL Group

Submitted by:

Rajin Ahmed

ID: EMBA-2003021013

Program: EMBA (Major in Marketing)

Department of Business Administration

Sonargaon University (SU)

Submitted to:

Department of Business Administration

Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of Executive Master of Business Administration



Sonargaon University (SU)

Dhaka- 1215

Date of Submission: January 15, 2022

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Submitted to:

Sharmila Sikder

Lecturer

Department of Business Administration

Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of Executive Master of Business Administration



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Date of Submission: January 15, 2022

Letter of Transmittal

January 15, 2022

Sharmila Sikder
Lecturer
Department of Business Administration
Sonargaon University (SU)

Subject: Submission of Thesis report.

Dear Madam,

With humble honor and respect, I am submitting my internship report on "Products' Distribution Channels in Bangladesh: A Case Study on RFL Group". As per partial accomplishment of the requirements for the EMBA degree, I have completed internship from "RFL Group" [As per partial accomplishment of the requirements for the EMBA degree, this thesis has been carried out] under the supervision of you.

This report is an integral part of our academic courses in completion of the EMBA program which has given me the opportunity to have an insight into the (Distribution Channel). I hope this report reflects on the contemporary issues on the (Distribution Channel) that are being practiced by organizations in our country.

In completing the report I tried my best to blend all my knowledge and imparted every available detail and also attempted to avoid unnecessary amplification of the report.
I humbly request you to accept this report for your kind evaluation.

Sincerely,

_____

Rajin Ahmed
ID: EMBA-2003021013
Department of Business Administration
Sonargaon University (SU)

Certificate of Supervisor

This is to certify that the thesis paper on “Products' Distribution Channels in Bangladesh : A Case Study on RFL Group” has been prepared as a part of completion of the EMBA program from Department of Business Administration, Sonargaon University (SU), carried out by Rajin Ahmed, ID: EMBA: 2003021013 under my supervision. The report or the information will not be used for any other purposes.

……

Sharmila Sikder
Lecturer
Department of Business Administration
Sonargaon University (SU)

Student's Declaration

I am Rajin Ahmed, a student of Executive Master of Business Administration, bearing ID: EMBA-2003021013 from Sonargaon University would like to solemnly declare here that this report on "Products' Distribution Channels in Bangladesh : A Case Study on RFL Group" has been authentically prepared by me. While preparing this report, I didn't breach any copyright act internationally. I am further declaring that, I did not submit this report anywhere for awarding any degree, diploma or certificate.

Sincerely Yours,

Rajin Ahmed

ID: EMBA-2003021013

Program: Executive MBA (Major in Marketing)

Department of Business Administration

Letter of Authorization

Certified that this project report titled “Products' Distribution Channels in Bangladesh: A Case Study on RFL Group” is the bonafide work of Student’s name, who carried out the research under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

……

Sharmila Sikder
Lecturer
Department of Business Administration
Sonargaon University (SU)

Acknowledgements

First of all, I want to thank Almighty Allah, the merciful, who made my efforts successful.

I want to show my gratitude to all of those persons who have helped me and co-operated with me at the time of making this report. Without their supports, I would not be able complete this paper with such amount of information and insights.

I would like to extend my heartiest gratitude to my honorable supervisor **Sharmila Sikder**, Lecturer, Department of Business Administration, Sonargaon University, Dhaka. Her constant assistance and direction helped me to carry out the internship program. She gave me her valuable times and important information to complete the report. As without her proper guidance it was quite impossible for me to complete the internship report.

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I would also like to thank Arafatur Rahman, Brand Manager, PRAN RFL Group for providing me with the required support and also for sharing their knowledge. I also express my gratitude to all other employee of RFL helped every step of my working hours.

'Thanks' is a small word to my parents, teachers and all of my family members for their encouragement and love that served as a source of inspiration, strength at each and every front of my life to transport my dreams into reality.

I would like thank to all of my friends and well wishers for their moral support and encouragement during my study.

Finally my sincere gratitude goes to Sonargaon University Authority for arranging this EMBA Course for students. It really makes student capable of doing official tasks before entering the corporate world.

Abstract

This report has been written as a part of my internship program to execute the requirement of completing my EMBA Program of Sonargaon University. I have completed an internship report on Products' Distribution Channels in Bangladesh: A Case Study on RFL Group".

RFL is one of the largest plastic manufacturers around the world (3rd largest in Asia). RFL is a sister concern of PRAN-RFL group. The group has a turnover in the vicinity of USD $0.5 billion annually. Primarily Rangpur Foundry Ltd (RFL) was founded by Maj. Gen. Amjad Khan Chowdhury (ltd) in 1981 with a vision to leveraging the farmer in irrigation through cast iron products like centrifugal pump as well as ensuring drinking water through Tube well.

It commenced its operation in plastics business in 2003. The factory sites are in company owned industrial parks of 300,000 sq meters, which is fully equipped with state of the art injection molding machines with a conversation capacity of over 10,000 tons per month. RFL Plastics currently utilizes 3500 molds through 420 machines having own tooling facilities.

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Chapter-1

Introduction

1.1 Introduction

PRAN-RFL Group is the Bangladeshi food-products corporation based in Dhaka, Bangladesh., founded in 1981. It is the largest food and nutrition company of Bangladesh it is the largest exporter of processed agro products with the compliance of HALAL & HACCP to more than 100 countries. The company's principal activities are the manufacture and sale of fruit juices, snacks, soft Drink, cakes and dairy products.

Pran-RFL group of companies is one of the leading business institutes in Bangladesh. Pran RFL group provides with good quality products conforming to local tastes, health and hygienic standards which are of affordable price and within the reach of target consumers.

The concern of this report is the Distribution Channel Strategies management of PRAN **RFL.** The main purpose of the report was to elaborate the Distribution Channel Strategies at the **RFL**.

A distribution channel is a chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer.

In Bangladesh today plastic sector is one of the most established areas in the macroeconomic sector. Economy and finance is carrier of the country. So for the aspects of economic development, plastic sector must be reformed. For this reason I prepared my internship report on "**Distribution Channel of RFL"**

This internship report on Pran-RFL Group is prepared to fulfill the partial requirement of the internship program. This report is submitted to **Sharmila Sikder**, Lecturer, Department of Business Administration, Sonargaon University, Dhaka. This is a partial requirement for the Master of Business Administration (MBA) Degree.

1.2 Origin of the report

In today's world academic education is not enough to enable student compete with confidence and reach his/her goal without having experience of the outside world. The report which has given the opportunity to learn about how a particular company sets its Marketing Strategy to launch its product in the market place to satisfy the organizational goal.

1.3 Objectives of the Study

The report will be aimed at fulfilling the following objectives:

General objective

The general objective of this study is to complete the report. As per requirement of Department of Business Administration, Sonargaon University, Dhaka, all students need to prepare a report for the (MBA) course to acquire practical knowledge about real business operation.

Specific Objectives:

- To get an organizational over view of PRAN-RFL Group
- To provide theoretical Knowledge of Administration Department
- To determine the impact of strong brand image and Distribution Channel activity onconsumer buying pattern.
- To understand the pricing factors influencing on Different Distribution Channels.
- To describe the process of implementing the effective distribution network and distribution channel of these Consumer Brand Products.
- To identify the market position of the Distribution Channel of RFL to fulfill the company's goal.
- To develop an understanding of the Distribution Channel of RFL on Consumer
- Brands.
- To summarize the overall analysis

1.4Methodology of the Study

Methodology is an essential part of the study. It is designed in way so that, it corresponds to achieve the object of the study. All the information incorporated in this report has been collected both from the primary sources as well as the secondary sources.

Data Collection:

Both the primary as well as the secondary form of information was used to prepare the report. The details of these sources are highlighted below:

(a) Primary Source

I have collected primary information by interviewing my colleagues, employees, managers, general manager of different departments, importers, distributors, SRs and observing

organizational procedures, structures. Primary data were mostly derived from the discussion with the employees of the organization.

(b) Secondary Source

I have elaborated different types of secondary data in my research. Sources of secondary information can be defined as follows:

Internal Sources

- Annual Report of RFL
- Business Instruction Manual
- Sales policy
- External Sources
- Different books and Newspaper
- Website Information

1.5 Limitations of the Study

During ground work of this report some obstacles have come across, which can be termed as the limitations of the report, these reasons did not allow this report to go in depth of issues hence several parts of the report is not concentrated. Therefore the limitaitions that were faced-

- The main constrain of the study was insufficiency of information, which was required for the study. There are various information the company employee can't provide due to security and other corporate obligations.
- Time Limitation: Due to time limitation many of the aspects could not be discussed in the present report.
- Confidentiality of the information: Some confidential information was not available for the purposes of this report
- Lack of experience: Experience makes a man efficient. I am not experience enough to complete the study because I am a person of new hand on such study.
- As the company officials are so much busy that it difficult for them to co-operate with me, which is also a constraint for this report.

Chapter-2

Literature Review

2.1 Literature Review

Marketing channel decisions are among the most important decisions that management faces today. Indeed, if one looks at the major strategy of the marketing mix (product, price, promotion and distribution), the greatest potential for achieving a competitive advantage now lies in distribution (Obaji, 2011).

Distribution, as one of four elements of marketing complex, is an inseparable part of marketing decisions which involves all the decisions about distribution of products to the end user. The issues of distribution were analyzed by a number of marketing specialists (Berman, 1999; Kim, 1996; Delton, 1997; Frazier, 1999; Kotler, 2003; Rosenbloom, 1999; Stern, 2006; etc.), paying a big attention to the elaboration of the procedures of marketing channel design (Gudonaviciene & Alijosiene, 2008).

Distribution still offers a new frontier for competing successfully, especially if the emphasis is placed on the design and management of superior marketing channel systems to provide excellent customer services. Yet designing optimal marketing channel systems to boost sales, formulating innovative distribution strategies and managing channels system effectively is no simple task. (Obaji, 2011)

The very earliest formal conceptions of marketing channels focused on the functions performed by a distribution system and the associated utility of these functions and the overall system. Reflecting their presence in industrial and transitiona leconomies, marketing channels gradually came to be viewed as the set of interdependent organizations involved in the process of making a product or service available for use or consumption (Coughlin, Anderson, Stern, & El-Ansary, 2001). This institutional oriented perspective draws attention to those members (e.g. wholesalers, distributors, retailers, etc.) comprising the distribution system and engaged in the delivery of goods and services from the point of conception to the point of consumption (Anderson & Coughlan, 2002). The management of such institutions through marketing channel management involves the planning, organizing, coordinating, directing and controlling efforts of channel members (Gundlach et al, 2006).

In general, the concept of distribution refers to where and how product and services are to be offered for sale, all essential mechanism and logistical supports for the transfer of goods and services as well as ownership of goods and services to the customers (Stern et al, 2006). A successful marketing channel ensures that a desired product is distributed in a desired amount to a desired channel to satisfy the desired consumer (Kotler & Keller, 2009).

One of the initial problems encountered when the area of integrated distribution is discussed is the problem of definition. No single "model" distribution system can be tailored for all business firms. The distribution function, like other functions of the firm, must be developed within the framework of management philosophy and available resources of the individual firm. During the 1960s, three characteristic or identifiable approaches to integrated distribution management have emerged. They are: physical distribution management, materials management and business logistics. (La Londe, Grabner, & Robeson, 1993).

Research devoted to channel management has played an important role in the marketing discipline for over 40 years. Two main areas of channels research in marketing have evolved. First, how channels are organized or structured has been a focal point, centering on the level of channel integration, reliance on multiple channels, distribution intensity and organizational policies relating to centralization, formalization, standardization, and surveillance (cf. Dwyer &Oh, 1988; John &Weitz, 1988; Fein & Anderson, 1997; Shervani, Frazier & Challagalla, 2007). Second, how ongoing channel relationships are coordinated in a behavioral sense has been even more prominent, dealing with methods of channel governance, including the impact of contracts, the development and application of interfirm power, communication approaches, levels of control and conflict, and the attainment of trust and commitment (cf. Frazier, 1983; Anderson & Weitz, 1992; Boyle, Dweyer, Robicheau and Simpson, 1992; Morgan and Hunt, 1994; Kumar, Sheer and Steenkamp, 1995; Lusch and Brown, 1996).

Development of Channel Structure

A channel of distribution can be defined as the collection of organization units, either internal or external to the manufacturer, which performs the functions involved in product marketing. These functions are persuasive and include buying, selling, transporting, storing, grading, financing, market risk bearing and providing marketing information. A channel member is an individual organization unit institution or agency that performs one or more of the marketing functions and by doing so has an active role in the channel of distribution (Lambert, 1978).

The marketing channels literature has given considerable attention to the study of channel structure. Early researchers discussed channel structure in terms of the functions performed by channel members (Mallen, 1973). The basic idea was that these functions could be allocated in different mixes among the various channel members depending on the characteristics of the channel. As structure research evolved, several common elements emerged, which were seen as varying across different channels, including: the number of channel levels (i.e., number of intermediaries involved), the intensity at the various levels (the number of intermediaries at each level of distribution), and the types of intermediaries at each level (i.e., retailers, wholesalers, distributors) (Rosenbloom B. , 1987). Thus, channel structure was essentially treated at a micro level, rather than examining the more macro issues such as: how firms decide who will perform what activities, the costs and trade-offs involved in using various channel strategies, and various extraneous factors affecting channel relations.

Starting from the 70's, tremendous strides have been made in the understanding of how firms should organize and manage their channels of distribution. Still, the researchers have barely touched the surface of all the managerial issues that have been addressed. Furthermore, many issues of managerial importance relating to the organization and management of channels of distribution have received no attention in empirical research (Frazier, 1999).

More recent research in channel structure examines both macro and micro issues. The majority of the current research on channel structure focuses on one of two broad operationalizations of structure: transactional form or bureaucratic form. Though it could be argued that the degree of relation alism also reflects the structure of the relationship, transactional form and bureaucratic form are the most widely accepted (Brent, 2007).

Physical distribution

Physical distribution has been acknowledged as being an important component of channel management (cf. Frazier, Spekman & O'Neal, 1988; Coughlan Anderson, Stern & El-ansary, 2006). However, relatively little attention has been paid to physical distribution function in channels research within the marketing literature. The general topic has received more emphasis in other literatures, such as in operations management, logistics, transportation, purchasing and information technology, with a general focus on how product orders can be efficiently and effectively processed, and then delivered to channel members and end-

customers. Among the main areas of interest have been inventory management, the number placement, and design of warehouses or distribution centers, the use of technology to aide in processing orders, delivery options to customers, and customer payment methods(cf. Innis and laLonde, 1994; Emerson and Grimm, 1996; Giannakis and Groom, 2004; Giunipero, Hooker, Joseph-Matthews, Yoo and Brudvig, 2008).

The lack of attention to physical distribution in channels research in marketing is unfortunate. Physical distribution functions will impact both channel organization and the manner in which channel relationships are coordinated over time. More clarity is necessary on the role of physical distribution functions within the general domain of channel management (Frazier, 2009).

The role of power in distribution channels

Channels of distribution can be viewed as social systems comprising a set of interdependent organizations, which perform all the activities (functions), utilized to move a product and its title from production to consumption (Stern & Neskett, 1969; Stern, 1971). Because of this interdependency there arises a need for some form of co-operation between channel members and co-ordination of activities. This co-operation and co-ordination is necessary in order to ensure predictability and dependability between members which will allow individual organizations to plan effectively. Also, conflict arises in channels, because members sometimes have incompatible goals, differing ideas as to the functions each should perform, and differing perceptions of reality. This conflict needs to be controlled so that it does not disrupt channel functioning (Wilkinson, 1996).

Power or, rather, the use of power by individual channel members to affect the decision making and/or behavior of one another (whether deliberate or not), is the mechanism by which the channel is organized and orderly behavior preserved. This is not meant to imply that organizations necessarily set out deliberately to organize the channel, but that this organization of the channel arises out of individual organizations adjusting their behavior to one another in relation to the power they each have and use. However, in some channels, firm(s) may assume a leadership role and make deliberate attempts to organize the channel, making use of their power. Power is the means by which cooperation between individual channel members' activities are coordinated and the means by which any conflict between firms is controlled (Stern & Neskett, 1969; Stern, 1971; Wilkinson, 1973).

Strategic choice in distribution channels

Though the field of marketing, in general, has adopted a strategic perspective, one particular area, distribution channels, has been relatively slow to embrace this perspective. Besides research on the manipulation of power and influence attempts, little attention has been given to the study of channel strategies. The importance of marketing channel strategy decisions is highlighted by 1) their inherent long-term consequences and 2) the constraints and opportunities that they represent (Dwyer & Welsh, 1985). The development of relationships in a marketing channel often takes a great deal of time and effort. Therefore, any decisions made concerning these relations take on added strategic importance. Given this, the incorporation of strategic management theory is very relevant to the study of distribution channels (Brent, 2007).

Multiple channels

The use of multiple channels of distribution is now becoming the rule rather than the exception, given the fragmentation of markets, advancements in technology, and heightened interbrand competition, among other things. While multiple channels potentially increase the firm's penetration level and raise entry barriers, interbrand competition and intrachannel conflict may become major problems, leading to lowered levels of support in the firm's direct and indirect channels. Such possibilities remain largely unexplored. While John and Weitz (1988) and Klein et al. (1990) examined the use of multiple channels to a degree, only Dutta et al. (1995) have focused an empirical study on the construct. Their major finding is that augmenting an indirect channel with a direct channel improves the manufacturer's ability to manage the indirect channel (Frazier, 1999).

Chapter-3

Overview of the Organization

3.1 About Pran-RFL Group

PRAN means Program for Rural Advancement Nationally

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Pran-RFL is the pioneer in Bangladesh to be involved in contract farming and procures raw material directly from the farmers and processes through state of the art machinery at their several factories into hygienically packed food and drinks products. The brand PRAN has established itself in every category of food and beverage industry and can boost a product range from Juices, Carbonated Drinks, Confectionery, Snacks, and Spices to even Dairy products. Now, Pran-RFL consumers not only value PRAN for its authentic refreshing juice drinks products, but also for its mouthwatering quality confectionery products with high visual appeal and exciting texture. PRAN intend to expand their presence to every corner of the world and strive to make Pran-RFL a truly international brand to be recognized globally.

Pran-RFL started its operation as a processors fruit and vegetable in Bangladesh. Over the years, the company has not only grown in stature but also contributed significantly to the overall socioeconomic development of the country. Pran-RFL is currently one of the most admired food & beverages brand among the millions of people of Bangladesh and other 94 countries of the world where Pran-RFL products are regularly being exported. All the Pran-RFL products are produced as per international standards maintaining highest level of quality at every stages of its production process.

- Companies: 37
- Business Types: Agro Processing, Plastic Manufacturing, Cast Iron, PVC, Electronics,
- Melamine, Lifts, Pumps
- Employees: 67,000
- Products: More than 6,000

- Factories: 13 (400-acre area)
- Dealer: 37,000 Registered Farmers: 78,000
- Dependents: More than 1,000,000 people around the world
- Export to: 108 Countries
- Export (2013-2014): US $ 94 Million Main Export Market: India (33%)
- Strength: Distribution Channel and Devoted Employees

3.2 Mission and Vision

Corporate Vision: Improving Livelihood.

Corporate Mission: Poverty and Hunger are curses.

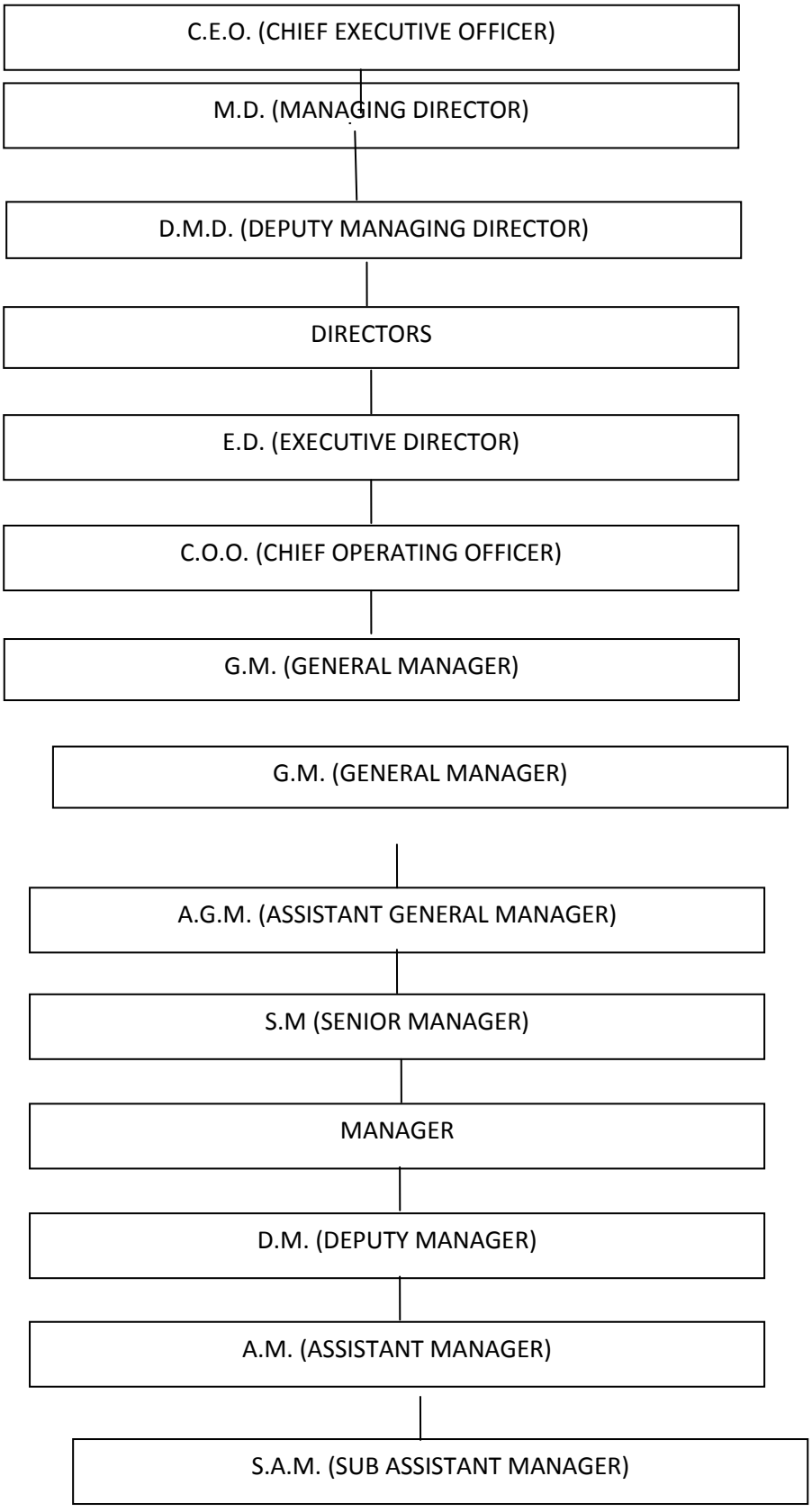
Company Aim: To generate employment and earn dignity and self-respect from compatriots through Profitable enterprises.

Core Values:

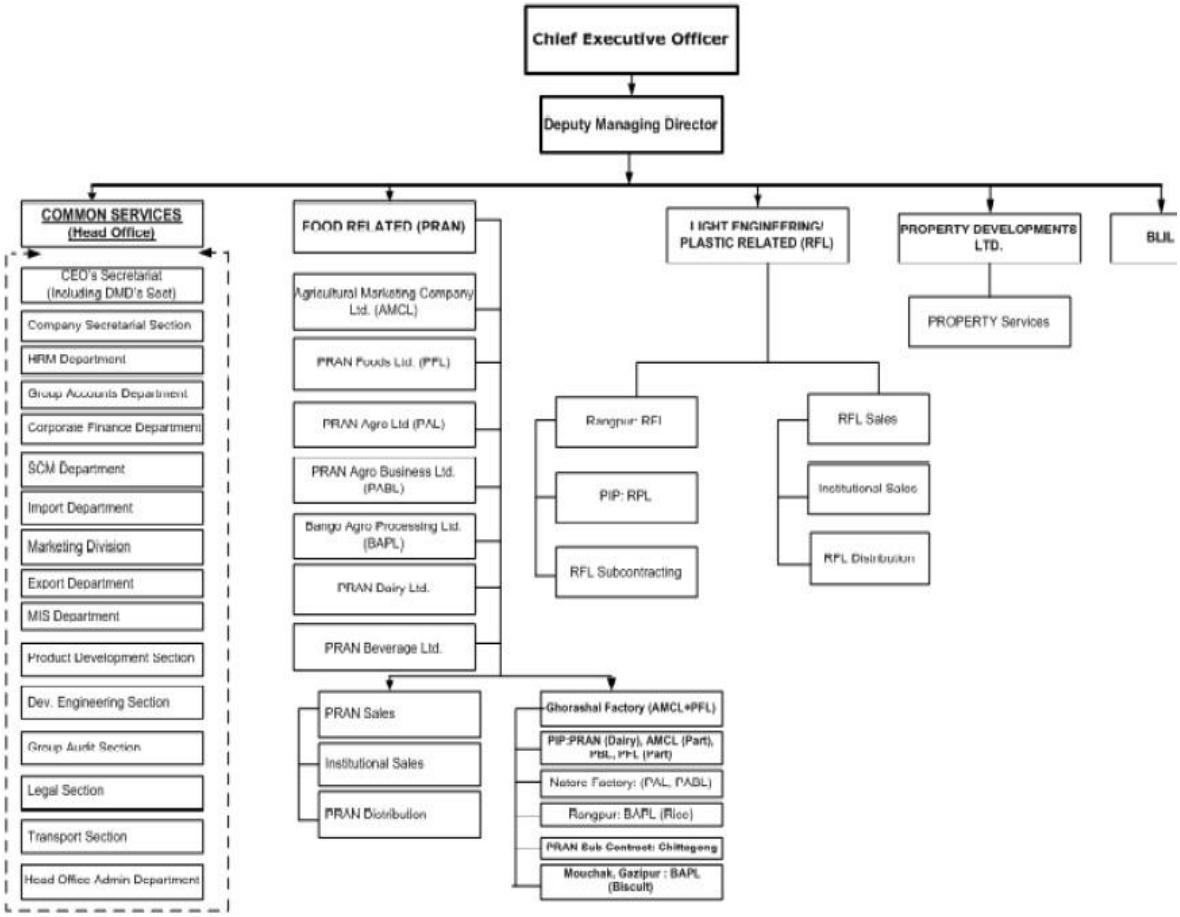
Pran- RFL believes in providing quality by considering the customers' demands and expectations. Continuous innovation and improvement is the motive of this organization by focusing customers and tries to maintain fairness and transparency in all segments. The corporate values for Pran- RFL are-

- Consumer care
- Supplier care
- Employee care
- Trade care.

3.3 Organogram Of PRAN-RFL Group



3.4 The operational network organogram of PRAN-RFL Group



3.5 Products of PRAN - RFL

The flourishing journey of RFL started back in 1981,with the name of Rangpur Foundry Ltd. To eradicate poverty from the society and generate employment for the people of Bangladesh. Primary objective of RFL was to produce cast iron products specially tube-well,water pump and other farm implements with a view to ensuring pure drinking water and cheap irrigation fRFLlities for the rural mass. PRAN has started its operation in 1981 as a process fruits andvegetable in Bangladesh by the late Maj-Gen (retd) Amjad Khan Chowdhury, a leading member of the Ahmadiyya community in Bangladesh. PRAN currently exports to more than 100 countries. RFL diversified its operations into the PVC category in 1996 and the plastics sector in 2015.

Agricultural utilities:













Building materials:









Sanitary ware and fittings:









Kitchen room utilities:



Code	Product name
80774	Economy Bright Lid - Rice Bowl - 8
80775	Economy Bright Lid - Rice Bowl - 9
80776	Economy Bright Lid - Rice Bowl - 10
80777	Economy Bright Lid - Rice Bowl - 11
80778	Economy Bright Lid - Rice Bowl - 12
80779	Economy Bright Lid - Rice Bowl - 13
80780	Economy Bright Lid - Curry - 8
80781	Economy Bright Lid - Curry - 9
80782	Economy Bright Lid - Curry - 10
80783	Economy Bright Lid - Curry - 11
80784	Economy Bright Lid - Curry - 12
80785	Economy Bright Lid - Curry - 13



Code	Product Name
80985	Topper Apple Pressure Cooker - 5 Litter

Engineering utilities:





Electric and electronics:

In 2012, RFL intensely started marketing of consumer electrical & electronics products. Bizli, the cable brand; Click for Switches, lamp, Fan etc., VISION, the brand for household electronic items, produces LED TV, Freezer & Refrigerator, Washing Machine, Microwave oven, Induction cooker and handheld electronics brand PROTON produces Laptop, Tablet, Mobile phone etc. The name RFL stands by the assurance for qualities of all these products. The production process is equipped with state-of-the-art machineries to produce and test all types of products in conformity with the latest standards of National and International excellence. The company will comply with all required mandates.







TEL (Trade Environment Ltd.):



3.6 Export History

Pran-RFL, the largest exporter of processed food from Bangladesh, had a vision of creating a huge demand globally of those agro based products produced by native farmers. The key was to process the agro products and increase shelf-life thereby. Starting successful journey to export market in 1996, PRAN currently exports to over 94 countries.



As Pran-RFL Group exports its products to foreign countries; the importance of the international forces really matters here. It has to monitor the consumer's preference, price, promotional strategies, government policies etc. for an international market. It has to face the hard competition of the international market

3.7 Major Exporting Countries

India, KSA, UAE, Kuwait, Bahrain, Qatar, Djibouti, Angola, Australia, Austria,

Brunei, Burkina Faso, Bhutan, Cameroon, Canada, Capo Verde Islands, Chad, Congo

Eritrea, Equatorial Guinea, Ethiopia, France, Gabon, Gambia, Germany, Ghana, Greece

Guinea, India, Italy, Ivory Coast, Japan, Korea, Lebanon, Malaysia, Mali, Mauritania

Mauritius, Myanmar, Mayo tee, Nederland Antilles, Nepal, Niger, Oman, Pakistan

Palestine, Qatar, RCA, Reunion Islands, Senegal, Sierra Leone, Singapore, Sri Lanka

Sudan, Sweden, Switzerland, Togo, UK, USA & Yemen. Belgium, Benin,

3.8 Major Exporting Products

Fruit Juices, Fruit Drinks Instant Powdered Drinks, Pickles, Canned Fruits & Vegetables,

Extruded & Fried Snacks, Tea, Aromatic Rice, Puffed Rice, Flattened Rice, Jam & Jelly,

Plain Spices, Blended Spices, Mustard Oil, Mineral Water, Dehydrated Fruits,

Tomato Ketchup / Sauce, Toffees, Candies, Bubble Gum, Biscuits & other confectionery etc.

Chapter-4

Distribution Channel of RFL

4.1Model used in Distribution Channel

A distribution channel is a chain of businesses or intermediaries through which a good orservice passes until it reaches the end consumer and It can include wholesalers, retailers ,and distributors. (philip) said, "Distribution channel is a set of independent organizations involved in the process of making a product or service available for use or consumption"

4.1.1 Types of Distribution Channels:

There are two types of distribution channel:

(1) Direct Channel

(2) Indirect Channel.

4.1.1.1 Direct Channel:

When the manufacturer takes approaches to sale a product directly to the customer is called direct channel.

5 Methods of Direct Channel are:

(a) Door to door selling.

(b) Internet selling.

(c) Mail order selling.

(d) Company owned retail outlets

(e) Telemarketing

4.1.1.2 Indirect Channels:

When there become any middle man between end user and distributor is called indirect channel.

Indirect channel can be:



Manufacturer-Wholesaler-Retailer-Customer:

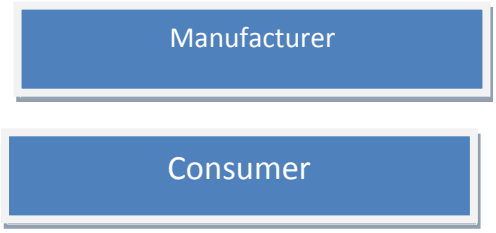
Under this channel, wholesaler and retailer act as a link between the manufacturer and the customer which is very common in the market.



Defining Distribution Strategy

Distribution channel is a very important thing of an organization. Mainly it can be two types:.

1. **Direct Distribution:** Direct distribution involves distributing the product or service from manufacturer to ultimate consumer. It does not have any intermediaries between manufacturer and consumers. The benefit of this distribution is manufacturer can control the whole process.
2. **Indirect Distribution:** Indirect Distribution involves distributing the product or service by the use of an intermediary. In this process, manufacturer can sell their product to wholesaler or retailer and consumer buy from them.



4.2 Formulating Distribution Strategy

Formulating a distribution strategy is a very important issue for an organization. RFL settheir distribution channel in a very efficient way. They start their distribution channel fromwarehouse and end to the customer by using different stages. But in other corporations,they use direct sales.

RFL formulates a smooth and effective distribution strategy where they follow both Push and Pull Strategy.

4.2.1 Push Strategy:

Push strategy means that where manufacturer focuses their marketing effort on promotin gtheir product to the next party in distribution chain (retailer or wholesaler). In RFL they usepush strategy for retailers to convincing them to stock RFL's product. Also, RFL conduct svarious promotional activities to connect with the retailers. Mostly, RFL provides toretailer and retailer sells it to customer.

RFL-Product uses a combination of promotional mix strategies:

1. Representation at trade shows
2. Trade offers
3. Incentives offer for the retailers to display the product on a key shelf
4. Discounts on bulk buy
5. Distribution chain allows extended credit.

4.2.2 Pull Strategy:

Pull strategy involves the manufacturer promoting their product to the targetmarket to create demand. RFL uses this strategy to create demand in the market for Colgate and forceretailers to stock their product.

RFL uses several promotional mixes to create demand in the market:

1. Providing discount.
2. Free gift
3. Major event sponsorship

4.3 Controlling and Maintaining the Distribution chain in RFL

There are twenty six distribution centers across the country which is strongly maintained bydistribution department. RFL is expanding its distribution network to reach the targetmarket properly. Also, it has strong distribution network that is highly streamlined,computerized and automated. Beside this, RFL strictly follows ISO 9001-2008 QualityManagement System (QMS) in all aspects of its distribution system.



Figure: Distribution network of RFL

4.3.1 How RFL maintains the process

RFL divided the country in different zone which is maintained by ZSM. Within this zone there several territories which are in controlled by ASM. To provide better service they are divided into two teams which are called GP and SP team. This team is strategically instructed by ASM. They lead the root level employees called SR and DSR who areresponsible to sell the product to retailer.

4.3.1.1 Responsibility of SP and GP team

SP (Special Product) and GP (General Product) teams are mostly responsible to distributethe product through SR (Sales Representative).

The main reason to divide the product with different teams is to sale more and focus individually all the product. SR can give extra effort to the product. However, there is a problem in these teams. It was found in the market that there are miscommunication between SP and GP team. Sometimes retailer demands SP products to GP teams and they cannot provide it. Also, they cannot inform it to GP team about the demands. So, thismis communication is happened in the market.

4.3.1.2 Responsibility of ZSM and ASM

ZSM and ASM are the most important persons who lead the team strategically. They set thestrategy along with upper level management and implement those with the association of SR and DSR. They have a target and try to fulfill the target strategically. After a time periodthey evaluate the sales volume and take further decision accordingly.

4.3.1.3 Responsibility of Sales Representatives

Responsibility of SR is the most important part of distribution strategies. SR is the person who receives the order from the retailers. First, they start to visit the market and offer theirproducts to retailers. If retailers need those products, he gives order to him. Also, SRpresents trade offer (it trade offer is available) to retailer like "Buy 12 get 2 free". Besidethis, they provide gifts to their valuable customers (retailers).

Here, the most important element is building relationship between SR and retailers. I observed it closely that a good relationship always effects in sales volume. It is noticeablethat the retailer has enough products in stock but he orders again due to SR's motivation. Sometimes, the shopkeeper has no hard cash to order but they can order because of the good relationship with SR.

4.3.1.4 Responsibility of Delivery Sales Representative (DSR)

DSR’s responsibility starts after taking order from SR. DSR is the person who is responsibleto deliver the ordered product according to shop’s address. Also, DSR collects money fromthe retailers.

It is important to deliver the product in time. Sometimes, the retailers need to stock productbased on customer excessive demand but unfortunately he did not get the product in time.So, it causes loss to the retailers. That’s why DSR must be punctual about time and session.

4.4 Nature of the Job

I. Collecting Necessary Documents before Visiting Market: Before going to the market to survey, I have to collect all the necessary documents like, location name, beat name, ASM (Assistant Sales Manager) contact number, SR (Sales Representative) contact number, retailer shop list etc. I collected all the documents from RFL server that is confidential and I had the right to use it.

II. Maintaining Internal and External Relationship: After getting the entire necessary document I had to discuss with the concerned party about the survey procedure. If they want any specific information, I had to focus more on that point. Most of the time, supervisor instructed me what to do. Also, I had to maintain some external relationship with ASM, ZSM, SR, and DSR. As, I had to contact them before visiting the place under their territory.

III. Visiting Market with Sales Representative: Sales Representative (SR) is the person who takes the order from the market. Basically, they take the order of every consumer product along with RFL. Before visiting the market I used to contact them and receive related information about the market. SR did his duty and I observed the retailers. Also, I observed how SR approaches to retailers, how they motivate them to take order, how they approach trade offers to them and the reaction of retailers towards trade offer. Along with this, I asked retailers open ended questions and they responded more or less.

IV. Collecting Data: I tried to visit each and every shop to collect data. Every necessary point I counted responsibly. Also, I noted down the survey response collecting from the market. As, I have the list of the shop, so I could specify the problem of individual shop. I have visited almost every zone in Dhaka and surveyed 465 shops in Mirpur, Gulshan, Mohammadpur, New Market, Kawranbazar zone etc.

4.5 Market Visit Report

During my internship at RFL, I am visit many market tounderstand the market situation andthe overview report to my supervisor.

In here I give my market visit report for the Colgate in different place of Dhaka city.

- **Beat Uttara Sector 11 East**

In this area most of the store are small so that they don’t have that much capability to purchase more than 3 to 5 individual items. They are mostly prefer RFL Plastic Product

- **Beat Uttara Sector 11,12 West**

In this area also most of the stores are small so that they don't have that much capability to purchase more than 3 to 5 individual items. But front road stores are take good number of quantity items. And the products are not delivery on time. They are mostly prefer upvc pipe,

 Beat UttaraGaosol Azom, Sec-12 ,13

In this area also most of the stores are small so that they don't have that much capability to purchase more than 3 to 5 individual items. But front road stores are take good number of quantity items. And the products are not delivery on time.

 Beat Bashaundhara & Joarsahara

Market findings are given below

• Products are available in the market but not that much

• Products are not place from last few days

• No discount or offer given by the SR to the stores

• The selling rate is low that's why most of the store don't like to store

 Beat Kuril, Notun Bazar -1, Nikunjo-1 & Khilkhat 2

Market findings are given below-

• Products are available in the market but not that much

• Products are not place from last few days

• No discount or offer given by the SR to the stores

• SR are not communicating with retailers are not up to the mark.

• The selling rate is low that's why most of the store don't like to store Colgate

• In here they also don't store RFL Plastic Product because of the price of Colgate original toothbrush is higher than china's product.

 Beat Sheker Tek, Shukrabad, Ajimpur & Polashi

Market findings are given below

• Products are available in the market but not that much

• Products are not place from last few days

• No discount or offer given by the SR to the stores

• The selling rate is low that's why most of the store don't like to store RFL Product.

• In Ajimpur area store owners purchase RFL Products from the chakbazar because there they find more discount than RFL

 Beat Moymonshig Road, Gazipur Chworasta, Joydebpur & Raj Bari

Observation summery of Colgate

Market findings are given below

• Products are available in the market.

• Products are place with in time

• Discount or offer given by the SR to the stores

• The selling rate is good that’s why most of the store like to store

 Beat Maradia& Bonosree-1

Market findings are given below

• Products are available in the market.

• Products are place with in time.

• Discount or offer given by the SR to the stores

• The selling rate is good that’s why most of the store.

SWOT Analysis of PRAN-RFL Group



Strength:

- Strong distribution channel
- Human resource
- Wide drinks category
- They have their own factory, dairy and manufacture

Weakness:

- Management efficiency
- Training and development of company
- Short life cycle of product
- Positioning as a local manufacturing company
- Contract resource

Opportunities:

- Export Tie up with multinationals
- Strong brand image
- Competitor's weak distribution channel
- Franchise business all over the world

Threats

- Aggressive competitors
- Changing consumer behavior
- Availability of foreign product
- Ad hock advertisements of competitor
- Using old technology

Close Competitors of PRAN-RFL group:

- Square Group
- ACI
- GAZI plastic
- AKIJ Group
- Pertex Group

Chapter-5

Findings, Recommendations and Conclusion

5.1 Findings

After visiting many outlets I find many of them are not keeping all of the RFLs of the products. There are some reasons behind it:

1. **Pricing conflicts:** There are multiple channel of distribution and sometimes retailerscan purchase in a low price from Chittagong (a local wholesale market) so many of the retailers do not want to keep the products..
2. **Trade offers unavailability:** There trade offer policy is very weak. Only the A category retailers can get discount because they purchase in a balk amount. So small retailers sometimes get dissatisfied with this.
3. **Window Display Wanted:** Other competitor product has display program but they have not. If they did so, the sales must be increased.
4. **Miscommunication with SR:**, There are two teams GP and SP who are responsible toget orders. However, product is different based on team and sometimes, retailersdemand the product to SR that does not belong to their team causesmisun derstanding between SR and retailers. So the availability in the marke treduces.
5. **Lack of branding:** Lack ofbr and awareness is one of the reasons of it.

5.2 Recommendations

According to (kotler & keller, 2009), a successful marketing channel ensures that a desired product is distributed in a desired amount to a desired channel to satisfy the desired consumer. RFL should take some steps to improve their section:

1. **Minimize pricing conflicts:** As, RFL use multiple channels for their distribution of products also the conflict of pricing which is offer by both wholesalers and company directly to the retailers must be in similar. They should follow a similar price with all the value chain member..
2. **Lucrative Trade Offer for A & B category shops:** Trade offer must be improve and it must communicate with all the customers and retailers.
3. **Product Display:** Some display program can be taken to improve brand awareness.
4. **Petty Credit for small shop:** If they take policy of credit sales, small retailer can order more and sales also become higher.
5. **Consulting SR regularly:** SR is the person working at the root level and responsible

for ultimate processing. Since, RFL has got so many complaints from the retailer; they should be trained properly according to market condition. Also, it can increase their self-efficiency. If RFL wants 100% efficiency from them, they should give adequate training and consultation to them. Beside this, SR is more knowledgeable about the root level market. So that, RFL should discuss more and more gradually to develop strategy. Moreover, by doing this kind of activity RFL can understand 'Area Sales Managers' role in the ground. Without a good area manager, SR cannot be efficient enough.

6. **Conducting various promotional activities**: The promotional activities like campaign and advertisement, PR activity can increase the value of the products.

7. **Keeping the product available:** RFL- must keep their product available.

They should maintain their whole distribution chain properly and keep it smooth to meet the desire of the customers.

5.3 Conclusion

Distribution channel play a significant role in customer's responsiveness and ability to deliver products from manufacturers to satisfy customers' requirements, suchas lead time and product availability which are also identifiedas the main parameters in competitive market.

Besides, distribution also generates roughly 20% of manufacturing costs and for commodity products it can be higher up to 30% of production and selling costs.

As a merger company PRAN-RFL not only takes a big portion on market share through Food & Beverage but also plastic products are dominating large portion in the market's plastic products. Their target is to reduce poverty through increasing employment and it has become possible for PRAN-RFL by taking a stable position in the market share. Companies first consider the demand of customers; on which they provide products to give better satisfaction to the customer.

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