

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

For any organization to be effective there should be effective distribution channel or process to convey finished products from the manufacturer to the final consumers. This is because without distribution the best product will not be delivered and the marketing mix will break down and fail. As a result of this, firms are increasingly adopting supply chain management to reduce cost, increase market share and sales, and build solid customer relations (Ferguson 2000). The idea of using an effective channels of distribution as a strategic tool in purchasing of technical goods can be viewed as a philosophy based on the belief that each firm in the supply chain directly and indirectly affects the performance of all the other supply chain members, as well as ultimately, overall supply chain performance (Cooper et al, 1997). The effective use of this philosophy requires that functional and supply-chain partner activities are aligned with company strategy and harmonized with organizational structure, processes, culture, incentive and people (Abell 1999). Distribution channel consists of a group of individuals or organizations that assist in getting the product to the right place at the right time. Distribution plays a vital role, primarily because it ultimately affects the sales turnover and profit margins of the organization. If the product cannot reach its chosen destination at the appropriate time, then it can erode competitive advantage and customer retention. The retail industry is responsible for the distribution of finished products to the consumer as well as the public. The retail sector comprises of general retailers (managed by individuals/families), departmental stores, specialty stores and discount stores.

In practice, many organizations use a mix of different channels; in particular, they may complement a direct sales-force, calling on the larger accounts, with agents, covering the smaller customers and prospects. However, the major challenge now facing the retail industry is the power of the customers or buyers. This is because the customers are becoming increasingly knowledgeable, impatient, not wishing to wait for the suppliers' products for any period of time. This coupled with the fact that firms are now trying to implement specific distribution strategy or practices based upon their unique set of competitive priorities and business conditions to achieve the desired level of performance, has led to an investigation into the various distribution strategies and practices available with the view to establish the strategy or practice which has the most influence on the purchase of technical goods in Nigeria.

1.2 STATEMENT OF THE PROBLEM

Most producers use intermediaries to bring their products to market. They use a set of interdependent organizations in the process of making a product or service available for use or consumption by the consumer or business user. This process is what has been known as distribution channel (Philip Kotler 2001).

Distribution describes all the logistics involved in delivering a company's products or services to the right place, at the right time, for the lowest cost. In the unending efforts to realize these goals, the channel of distribution selected by a business play a vital role in this process. Well-chosen channel constitute a significant competitive advantage, while poorly conceived or chosen channel can doom even a superior product or service to failure in the market.

1.3 OBJECTIVES OF THE STUDY

The following are the objectives of this study:

To examine the processes involved in the effective channel of distribution.

To ascertain in effective channel of distribution can be used as a strategic tool in purchasing technical goods.

To identify the factors to be considered in purchasing technical goods.

1.4 RESEARCH QUESTIONS

What are the processes involved in the effective channel of distribution?

Can effective channel of distribution be used as a strategic tool in purchasing technical goods?

What are the factors to be considered in purchasing technical goods?

1.6 SIGNIFICANCE OF THE STUDY

The following are the significance of this study:

The results from this study will educate business managers on the processes involved in the effective channel of distribution. It will also educate on how to use effective channel of distribution as a strategic tool in purchasing of technical goods.

This research will be a contribution to the body of literature in the area of the effect of personality trait on student's academic performance, thereby constituting the empirical literature for future research in the subject area

1.7 SCOPE/LIMITATIONS OF THE STUDY

This study will cover the approaches involved in using effective channel of distribution as a strategic tool in purchasing technical goods in Jewaco limited.

LIMITATION OF STUDY

Financial constraint- Insufficient fund tends to impede the efficiency of the researcher in sourcing for the relevant materials, literature or information and in the process of data collection (internet, questionnaire and interview).

Time constraint- The researcher will simultaneously engage in this study with other academic work. This consequently will cut down on the time devoted for the research work.

REFERENCES

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Kotler, P(1999) Principles of Marketing, second edition, Prentice Hall USA,

EFFECTIVE CHANNELS OF DISTRIBUTION AS A STRATEGIC TOOL IN PURCHASING OF TECHNICAL GOODS A CASE STUDY OF JEWACO ELECTRONICS

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