

PDF - AN APPRAISAL OF DISTRIBUTION STRATEGIES OF AUTOMOBILE INDUSTRIES (A CASE STUDY OF ANAMMCO EMENE ENUGU) - researchcub.info CHAPTER ONE
INTRODUCTION

Marketing channel decisions are among the most important decisions that management faces. A company's channel decisions are linked with every other marketing decision. The company's pricing depends on whether it uses mass merchandisers or high quality specialty stores. The firm's sales force and advertising decisions depend on how much persuasion, training, motivation, and support the dealers need. Whether a company develops or acquires certain new products may depend on how well those products fit the capabilities of its channel.

Companies often pay too little attention to their distribution channels, however, sometimes with damaging imaginative distribution systems to gain competitive advantage. Distribution channel decisions often involve long-term commitments to other firms.

Distribution is the process of moving goods from producers or manufacturers to the consumers and users. All over the world, the distributor is regarded as very essential and fundamental link in the process of transforming goods that are produced by the manufacturer / producer to the consumers and users. The distributor therefore performs productive marketing function by ensuring that goods produced get to the ultimate consumer.

The effort of the producers to ensure that their goods reach the market place are likely to be illusive and a pipe dream unless they are supported by effective distribution. It must be noted, and this is very vital that the marketing process is an interwoven system in the marketing which several components have separate but complimentary roles to play which the distribution function is the last stage.

More so the marketing concept is based on the orientation of finding consumer's needs and wants and filling them. These wants and needs are only deemed to be satisfied when goods produced get to the final consumer or target market. It is a popular assertion that goods produced have little or no value to the consumer until they are transferred or moved to places where there is demand for them. And here in lies the relevance and crucial role of the distributor who transfer these goods to the consumers along side, some value added to it in form of place, time possession and utilities.

According to Wilson, (1979 P. 37) distribution broadly is concerned with the most profitable lowest risky way, short and long term of getting goods to the end users. That is to say, distribution encompasses both, the channel of distribution takes care of the number of marketing institutions linked so that title and product can flow to consumers facilitators and their selection is based on sales communication and contractual consideration. Physical distribution on the other hand deals with the logistical transfer of goods and includes activities such as warehousing, product handling, material handling transportation etc.

The objective of distribution is to get goods to the right place, at the right time and at a reasonable cost. Little wonder Cunditt, still and Govon: (1980, P 10) looked at distribution as encompassing activities involved in transferring goods from producers to final buyers and users, not just activities, cost elements are involved. The ill defined nature of distributive systems in automobile industries can be traced to the nation's economy not being mass productive. It is still a developing economy and possesses all the characteristics of a developing economy. Marketing is usually identified with an economy of abundance where a nation produces far beyond the subsistence needs. Because our economy is under producing, existing automobile industries such as ANAMMCO who find their market in Nigeria assume that mechanisms exist and will continue to move their products from factory to their customer. They seldom plan changes in distribution system as they would plan in details for changes in population pattern, consumer buying habits and product technology. To this end distributors have come under great criticism and are labeled all sorts of names like exploiter "parasite" saboteur and sometimes as someone who services no useful purpose in the economy.

For the fact that distributors in this statedo not perform their functions effectively in light of

inadequate infrastructure, like

a. Poor Warehousing facilities

b. Deplorable road networks and transportation etc, developing nation including Nigeria are examining principles to see how their distribution strategy can be improved and how they could be to enhance efficient distribution of their products.

c. It is a yardstick to provide basis information on effect of distribution in our economy.

d. It will enable further research work to be carried on the same field of the study.

e. It will contribute to the body of knowledge about distribution strategy

f. It will benefit marketing companies who will have a chance between setting up a distribution company and being a representative of major marketer.

g. It will also benefit distributors and final users.

1.1 SCOPE OF THE STUDY

This study is huddled to an appraisal of distribution strategies of automobile industries with reference to Anambra Motor Manufacturing Company (ANAMMCO) Eneme in Enugu State.

1.2 LIMITATION OF THE STUDY

This project is focused on an appraisal of distribution strategies of automobile industries with a case study of ANAMMCO.

The area covered in this study is ANAMMCO this is as a result of time and financial constraint considering the economic crunch around the corner. It is pertinent to mention here that the researcher did not collect all the data and information for this thesis because in most cases, the statistical figures were withheld by ANAMMCO employers and employees.

1.3 STATEMENT OF THE PROBLEMS

They are as follows

1. We work on the assumption that the company fail to take into consideration which channel of distribution strategies and intermediaries will provide for the considered services requirement.

2. Failure to put into consideration which channel of distribution strategies and intermediaries will be most profitable in the foreseeable future

3. Another factor that poses a problem is the inability of the company to determine which channel of distribution strategies and intermediaries will provide for the relative cost advantage.

4. Failure to understand, comprehend and react to certain problems encountered by consumers on consumption of their product.

5. Poor implementation of effective institutional advertising such as direct marketing relation public awareness, communication budget.

1.4 FORMULATION OF HYPOTHESIS

1. ANAMMCO do not study and appraise warehousing system.

2. ANAMMCO do not appraise the existence of distributive chains

3. ANAMMCO do not appraise the role of the distributor in ANAMMCO

4. ANAMMCO do not found out whether distribution strategy is utilized in the company

5. ANAMMCO do not ascertain whether the evaluation of distribution strategies has improves the company.

6. ANAMMCO do not examine the company's direct or indirect distribution to the customers.

7. ANAMMCO do not determine whether the company has quality control department.

The null hypothesis below clearly reflect the research objective of the study to guide this study, seven null hypotheses were formulated they are as follows;

H₀: ANAMMCO do not study and appraise warehousing system

H₁: ANAMMCO study and appraise warehousing system

H₀: ANAMMCO do not appraise the existence of distributive chains

H₁: ANAMMCO appraise the existence of distributive chains

H₀: ANAMMCO do not appraise the role of distributor in ANAMMCO

- HI: ANAMMCO appraise the role of distributors in the company
- H0: ANAMMCO do not found out whether distribution strategy is utilized in the company.
- HI: ANAMMCO fin out whether distribution strategy is utilized in the company.
- H0: ANAMMCO do not ascertain whether the evaluation of distribution strategies has improved the company
- HI: ANAMMCO ascertain whether the evaluation of distribution strategies has improved the company.
- H0: ANAMMCO do not examine the company's direct or indirect distribution to the customers
- HI: ANAMMCO examine the company's direct and indirect distribution to the customers
- H0: ANAMMCO do not determine whether the company has quality control department.
- HI: ANAMMCO determine whether the company has quality control department

1.5 SIGNIFICANCE OF THE STUDY

The importance of this study cannot be overemphasized when one think about the significance of role of distribution on the demand of goods and services in the automobile industries and the society at large. Furthermore, the producer of merchandise destined for industrial markets should be alive to this fluid situation and maintain a constant review of in distribution policy (Elvy (1980: 149).

The gap between the producer and consumer is bridged by distribution channels. They do this by providing ultimate users with a convenient means of obtaining the goods and services by desire. Distribution strategy therefore are comprised of the marketing institutions and the inter-relationships responsible for the physical flow and the flow of goods and services from producer to the industrial users, marketing intermediaries or middlemen are the marketing institutions in the distribution channel, that is firms that operate between producers and customers or industrial purchasers.

Most automobile industries distribute by direct selling or direct marketing strategy through contracts between the buyer and seller in the regards, direct channels are considerably more important in the industrial market as the producer could be installed or giving the directive of use by the manufacturer. Agents are used in the industrial market when small producers attempt the market their offering to large wholesalers. The agent, wholesaling intermediary, often called a manufacturer's representative serves as an independent sales force in contacting the wholesaler buyers where the unit sale is large and transportation accounts for a small percentage of the total cost, the producer – agent – industrial user channel is usually employed. The agent wholesaling intermediaries in affect because the company's industrial sales force, Eloyce and Ani (2000: 212 – 213)

The importance of this study is to contribute to the following:

- a. It will improve social-economic growth rate of the company
- b. It will help the automobile industries to make use of effective distribution strategy, marketing research, advertising and pricing to increase their effectiveness in planning and distributing goods. Furthermore, an appraisal of distribution strategies of automobile industries will be a lift to improve the strategic distribution of the industries product and evaluate the distribution process of the industry as the corporate objectives of the company has mostly on the proper integration of marketing information system (MIS).

In the research work, the researcher's aim of embarking on this study is to know whether distribution strategies of automobile industries had utilized the effect of distribution in an industry. The priority of the researcher is to investigate and bring to light as well as evaluate distribution strategies impact to the manufacturing.

OBJECTIVE OF THE STUDY

The researcher believes that it is pertinent to point out that marketing distribution strategy makes an impact in the consumer and producer. It has therefore becomes necessary to find out the strength and weakness of individuals, groups and organization involved in the activities with view of appraising critically their activities toward the realization of the

consumer goal

Therefore, the objective of this study is to:–

- a. To determine the study and appraise the warehousing in ANAMMCO
- b. To determine the appraise of the existing distributive chains
- c. To determine the appraisal of the role of distributors in ANAMMCO
- d. To find out whether distribution strategy is utilized in the company.
- e. To ascertain whether the evaluation to distribution strategies has improve the company
- f. To examine whether the company's direct or indirect distribution to the customers
- g. To determines whether the company has quality control department.

DEFINITION OF TERMS

1. Commission Agent: – an agent who has a monopoly over the sale of commodity who only sells to others on payment of a commission.
2. Retailer: – A merchant or sometimes an agent whose business is to sell directly to the ultimate user.
3. Advertising: – Use of communication to make people know about the existence of a company and its services.
4. A Marketing: – Marketing is a human activity directed at satisfying needs and wants through exchange process
5. Marketing Concept: – Marketing concept holds that the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors.
6. Services: – These are separately identifiable intangible activities which provide want satisfaction when marketed to customers and or industry users and which are not necessarily tied to the sale of a product.
7. Distribution Channel: – This is a set of interdependent organizations involved in the process of making a product or service available for user or consumption by the consumer.
8. Wholesaler: – A firm engaged primarily in wholesaling activity.
9. Marketing Strategy: – The marketing logic by which the business unit hopes to achieve its marketing objectives.
10. Marketing Research: – The systematic design, collection, analysis, and reporting of data relevant to specific marketing situation facing an organization
11. Target Market: – A set of buyers sharing common needs or characteristics that the company decides

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