

# **Study on Distribution Channel of Paints with Particular Reference to Kansai Nerolac Paints Ltd**

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## **ABSTRACT**

This Research Paper aims to study the distribution channels, sales network and service patterns of the paint sector through an analytical of Kansai Nerolac paints Company. The paper also tries to bring out the shortcomings, if any, in the present system and thus recommends suggestions to improve the same. The research paper also gives insights into the various financial terms, norms of the sales and service departments as per the guidelines of the paint industry. The paper was designed after detailed discussion with the company officials on three parameters i.e. distribution network, service network and sales functioning. the research paper discusses the sales functioning of the Kansai Nerolac Company, which includes aspects such as the hierarchy of the sales department prevalent in the company; the responsibilities and functions of the sales force, their performance appraisal structure etc. Finally the research paper ascertain effectiveness sales and distribution channel of Kansai Nerolac paints and covers the service network of the company which deals with the after sale services and their effectiveness provided by the company which deal with the various method to increase the sale volume of the company.

## **Chapter 1 INTRODUCTION**

### **(a)Objective of the Study**

This study is based on the topic “ A Brief Study of Distribution Channel of Paints with particular reference to Kansai Nerolac paints Ltd. At Kanpur”.

It comprises the survey of 100 respondents at Kanpur Market. Against set a Questionnaire which shows the fact related to the topic.

### **(i) Main Objective**

To know the market position of Kansai Nerolac Paints in Kanpur Market.

**(ii) Sub – Objective :-**

- (a) To know the channel of distribution of paints
- (b) Understanding how sales and distribution fits into the big picture of marketing and how these aspects can be combined to achieve organizational goals.
- (c) To analyze decision alternatives and planning and implementation of Sales and marketing program.
- (d) To analyze selection, motivation of channel member and managing conflict.
- (e) To determine awareness of Kansai Nerolac Paints product among customers.
- (f) To know the competitive service provider by different paints companies.
- (g) To give some suggestions for improvement of the market share of Kansai Nerolac Paints Limited.

**(b) Scope of the Study**

The scope of the study for management student gets to apply all their theoretical knowledge in the company's summer training. During training they solve the particular problem given by the company and come to know the various things practically.

The study gives the company a true and unbiased picture of its position and standing in the Eastern Zone especially at Kanpur market and also its image in the society.

**(c) Literature Review****1. Dr. R Reena | V Jenifer [ March 2020 ]. A Study on Consumer Perception and Brand Preference for purchasing paints in Coimbatore District**

Today the awareness level on preventing corrosion through paints is relatively high, a development that should be a huge boost to the paint industry. In this article, they address the major paint industries and their features, the market leader, their brand image. The economic growth in India has led to higher disposable income, increasing urbanization, easy availability of credit and a concurrent growth in construction, automobiles and consumer durables segment which have emerged as the driving force behind the rise in current consumption of paints.

## **2. Dr. Somabhusana Janakiballav Mishra [JULY/2020] A STUDY ON BERGER EXPRESS PAINTING IN BHUBANESWAR**

Today, awareness of paint and its use is moderately high, which ought to be an extraordinary impetus for the paint business. This study was conducted to examine the Berger Express Paint in new Era. A sample of 50 people was taken in and around Bhubaneswar using a convenient and random sampling method. The age range varied from 20 to 33 years. A self-made survey on the Berger Express Paint was conducted using surveys available on the Internet.

## **3. Dr. SNS Rajalakshmi (2022) .CONSUMER'S PERCEPTION TOWARDS MARKETING OF GREEN PERSONAL CARE PRODUCTS WITH REFERENCE TO COIMBATORE CITY**

The study's goal is to identify the elements that influence consumers' decision to purchase eco-friendly personal care products. In addition to environmental ads, price and environmentally friendly packaging were shown to be favourably associated with the desire to make green purchases. Global warming has a s a significant impact on the nation and is putting it at greater danger of environmental destruction. Consumers are increasingly looking for items that are environmentally friendly due to the growing worry about global warming and the related rise in energy expenditures.

## **4. Devang Desai (2011) A Study of Emerging Trends & Challenges in Paints & Coatings Industry in India**

Indian Paints & Coatings industry was highly unorganized and fragmented before 1990s due to high excise duties levied on paints manufactured by organized sector players, making their products unaffordable. This was the period during which the unorganized sector flourished because of a substantial price difference between paints manufactured by the unorganized and organized players. In the 1990s, helped by a growing economy, the Indian paint industry recorded a healthy growth of 12-13% annually. This was mainly due to a drastic reduction in excise from a staggering 40% to 16%. Today, the Indian paint industry is a 11000 crores industry and is growing at the rate of more than 15% p.a. The Indian paint industry is divided into two main market segments-industrial and decorative paints.

### **(d) Methodology used for the Study**

For the preparation of the project report especially in case of Marketing every steps should be anticipated closely. In this anticipation of formulation there may arise some problems, since these are two types of information.

#### **(i) For Primary Information :**

I have used personal interview method. This survey conducted on 70 respondents across Kanpur area. I used to set a questionnaire containing some questions for respondents. These data are expensive and time consuming but these data are most important and reliable.

(ii) The Secondary Information :

This secondary data were collected from the internal sources (Company Documents) of as well as some external sources (paper, internet). This collection of these data is for easier and less time consuming.

(e) **Limitation of the Study**

Limitation are always accompanied with any work. I had complete my study within short span of 6 weeks and it was not possible to understand practically all aspect of the subjects. Each and every factor has been carried out carefully as much as possible limitation to the study is beyond control.

As all the primary data has been collected by discussion and interviews, there is a choice of error as people hesitate in granting correct data and sometime exaggerate the information. Although I tried to convince the respondents that the study is only meant for academic purpose, some respondents were not ready to furnish other information like properties of the paints, lack of awareness, their busy schedule etc.

## **Chapter 2 Introduction of the Organization**

Kansai Nerolac Paints was at first known as Goodlass Nerolac Paints. The Kansai Nerolac Paints Ltd produces various kind of products that range from industrial sophisticated coating for the industries to architectural coating for hospital, Homes and Office.

Kansai Nerolac Paints Company has manufacturing units situated in Vatva, Lote, Parshuram, Jainpur, Bawal and Perungudi. The total production capacity of the pants of the company is around 161,100 TPA and all the plants are technologically advanced and comparable to most state-of-the-art plants in the world. Kansai Nerolac Paints has a very wide network of more than 11,000 dealers spread all over the country.

Kansai Nerolac Paints is a market leader in the sector of automotive segment where it supplies more than 90% of the required original equipment. Kansai Nerolac Paints is the second biggest company in the coating sector in India where it has more than a 20% market share. The company has entered into collaboration with Oshima Kogyo Company , Japan and E.I. Du-pont de Nemours & Company Inc. USA for the Manufacture of various innovative items and a brand new product line.

The total income of the Kansai Nerolac Paints Company amounted to Rs 2,162.19 crore in 2011. The net profit of the company amounted to Rs. Rs215.89 crore. Kansai Nerolac Paints Ltd. is planning an investment of Rs 400 crore for capacity expansion by September this year, and is eyeing a double- digit revenue growth in FY12.

Kansai Nerolac Paints prides itself on its organizational strength such as its value, vision, R&D, experience, strategic alliances, marketing skill and its extensive distribution network. The various plants of Kansai Nerolac Paints have

been certified by agencies such as BVQI and Intertek, ISO 14000, ISO 9000 2000, OHSAS 18000 are just some of the certification that Kansai Nerolac Paints has received for its efficiencies in work processes and standards.

Kansai Nerolac Paints has become one of the top most companies in the companies in the coating sector in India due to its quality of product which are the best market. The company has a presence in several Indian states such as West Bengal, Assam, Gujarat, Haryana, U.P, M.P, and Maharashtra. Kansai Nerolac Paints is headed by Mr. Jamshed J. Irani. Who is the chairman of the company. Mr. Harishchandra Bharukha is the managing director of Kansai Nerolac Paints which employs more than 2000 people.

### (a) **History of the Organization**

KNP embarked our journey in 1920 as Gahagan Paints and Varnish Co. Ltd at Lower parel in Bombay. In 1930 three British companies merged to formulate lead industries group ltd. In 1933, Lead Industries Group Ltd. Acquired entire share capital of Gahagan paints in 1933 and thus, Kansai wall (India) Ltd. Was born.

Subsequently, by 1946, Kansai Wall Ltd. Was known as Kansai Wall Pvt. Ltd. In 1957, Kansai Wall Pvt. Ltd. Grew popular as Kansai Nerolac Paints (Pvt.) Ltd. Also it went public in same year and established itself as Kansai Nerolac Paints Ltd.

In 1976, Kansai Nerolac Paints Ltd. become a part of the Tata Forbes Group on acquisition of a part of the foreign shareholder by Forbes Gokak.

In 1983, Kansai Nerolac Paints Ltd. strengthened itself by entering in technical collaboration agreements with Kansai Paints Co. Ltd., Japan and Nihon Tokushu Toryo Co. Ltd. Japan.

In 1986, Kansai Nerolac Paints Ltd. turned into a joint venture of the Tata Forbes and the Kansai Paints Co. Ltd., with the latter acquiring 36% of its share capital.

In 1999, Kansai Paints Company Ltd., Japan took over the entire stake of Tata Forbes Group and thus KNP become a wholly owned subsidiary of Kansai Paint Company Ltd.

In 2006, On the 11th of July, Kansai Nerolac Paints Ltd. name has been changed to Kansai Nerolac Paints Ltd.

During the journey of continuous performance excellence, we have entered into many technical collaborations with other industry leaders such as E.I. Du-Pont de Nemours & Company Inc., USA and Oshima Kogyo Company Ltd., Japan for our different products.

KNP's incessant journey of successes will go on backed by our present human asset of over 2000 professional and sales turnover of Rs. 1484 Crores.

KNP are esteemed to be a subsidiary of Kansai Paints Company Limited, which is the largest paint manufacturing company in Japan and among the top ten coating companies of the world.

KNP are the second largest coating company in India with a market share of over 20%.

KNP are the market leader in industrial/ automotive segment supplying over 90% of the OEM requirements.

KNP are the leader in power coatings.

### **Vision Value and Culture**

In today's dynamic business environment, no organization can afford to survive without a well-articulated and carefully thought vision stating the overall strategic direction and long-term future of its business.

KNP have been at the forefront of paint manufacturing over eight decades pioneering a wide spectrum of quality products that change the face of economy and lifestyles of people at large.

It is our vision to leverage global technology, for serving our customers with superior coating systems built on innovative and superior product and world class solutions, to strengthen our leadership in industrial coatings and propel for leadership in architectural coatings, all to the delight of our stakeholders.

KNP firmly believe that it is not only the vision of where we wish to go which will form a cornerstone of all our further growth, but also our conviction to the fact that the value based proposition has to be ultimate foundation of our business.

To this end we consciously have internalized and been practicing these value in all our business transactions though human beings:

- Innovation
- Entrepreneurial
- Responsive
- Simplicity
- Team Orientation

### **Cultural Ethos**

- Vision driven organization
- Employees feel pride in being part of the organization
- Recognition of human dignity
- Transparency and openness among employees at all hierarchical levels
- Performance-linked reward system
- Management and employee commitment to organization values is high
- Autonomy in work is high
- High commitment to quality products

### **The Quality Policy**

It is the philosophy of Kansai Nerolac Paints Ltd., and its associates to achieve complete customer satisfaction by providing products and services that consistently meet or exceed the customer needs and expectations, pursuant to agreed specifications, delivery schedules and competitive prices. It is the philosophy of the company to systematically operate its manufacturing facilities by inculcating commitment to total quality management at all levels and on a continuous basis with a view to achieving “First Time Right” results in manufacture, services and other operations.

It is the company’s aim to constantly reduce waste of material and effort, increase efficiencies and ensure safety of plant and people and protection of the environment.

### **Open Door Policy**

Working together requires that we have a friendly atmosphere based on trust and respect amongst all of us.

At Nerolac we follow an Open Door policy. Any person is free and welcomed to share good idea, suggestion, doubt, problem about job or work place, or uncertainties about one’s future in the organization. An open and transparent communication is appreciated.

### **Social Responsibility**

The company continues to make its due contribution to community relief and development activities and has donated both cash and kind for the beautification of some public place in Mumbai and elsewhere. The company continued its activities directly through trusts/agencies in community Development and social Welfare including contribution towards national defense, medical help, education, improvement of environment etc.

### **Organizational Strengths**

An organization is not set on pillars of brick and concrete but is set on strong inherent characteristics that make it strong for years.

Nerolac is carrying on strong since 1920. Following are its strengths that have kept this company in good faith.

### **Strong vision and values**

Neralac is a company with vary clear and well- defined vision and very strong values. Clarity of vision and strong foundation of cultural values have always kept this company in good stead. Its ethical conduct has always guarded it against any possible traps and pit falls.

We have made sure that the distribution hurdles and the climatic vagrancies do not affect the quality of our services. This same commitment will ensure that Kansai Nerolac will march towards its centennial year, fully dedicated and invigorated, in step with the exciting wave of industrialization and modernization pervading through the new India.

**(b) Organizational Structure**

A sales organization is both an orienting point for co-operative endeavor and a structure of human relationships. It is a group of individual striving jointly to reach qualitative and bearing formal and informal relations to one another.

Existence of a sales organization implies the existence of patterns of relationship among subgroup and individuals established for purposes of facilitating accomplishment of the group’s aims.

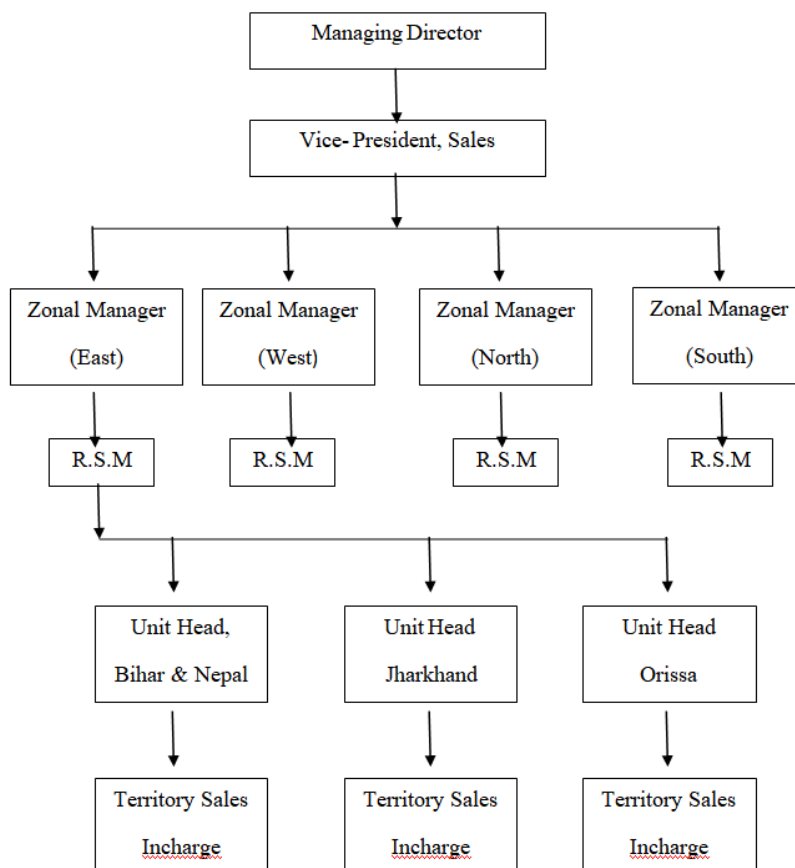
A good and efficient sales organization is the foundation for execution of sales policy and sales program.

The concept of organizational structure is somewhat abstract and illusive. However it is real and effects everyone in the organization.

According to March and Siman, “Organizational structure consists of those aspects of pattern of behavior in the organization that are relatively stable and change only slowly”.

It facilitates the growth of the organization. It stimulate creative thinking and initiative by proving well defined are of work with provisions for development of new and improved ways of working.

**Organizational Structure**





**(c) Market Status of the Organization**

Kansai Nerolac Paints is the second largest paints manufacturer in India, according for 20% of the total paints sales. In the industrial segment, it is the undisputed leader accounting for 40% market share. It has excellent R&D facilities and innovating products. The laboratories are well equipped with the latest sophisticated instruments.

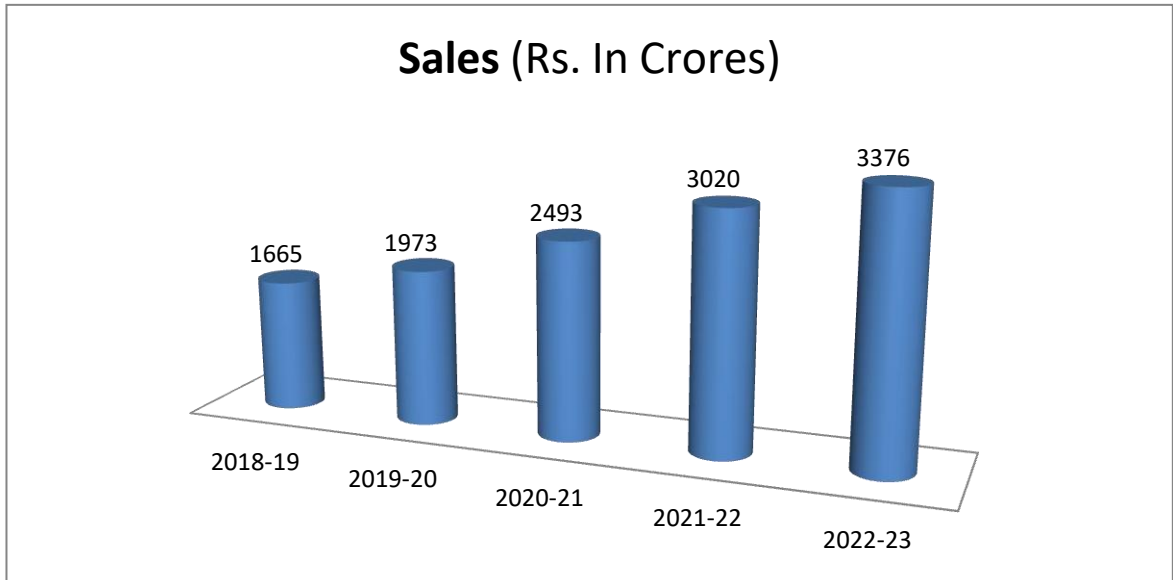
Kansai Nerolac Paints have six manufacturing facilities backed by excellent R&D facilities. It has 73 deposit/distribution centers strategically located all over India and a dealer and a dealer network of over 12,000.

Some of the biggest names in the Indian industry use Kansai Nerolac Paints for their products.

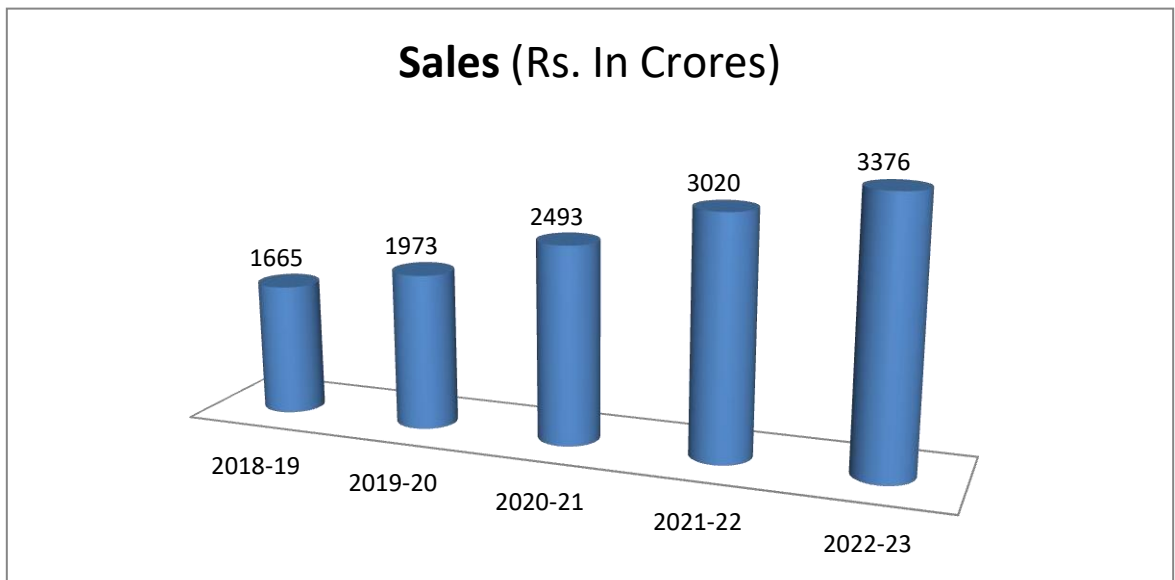
These include India's most successful corporation like:

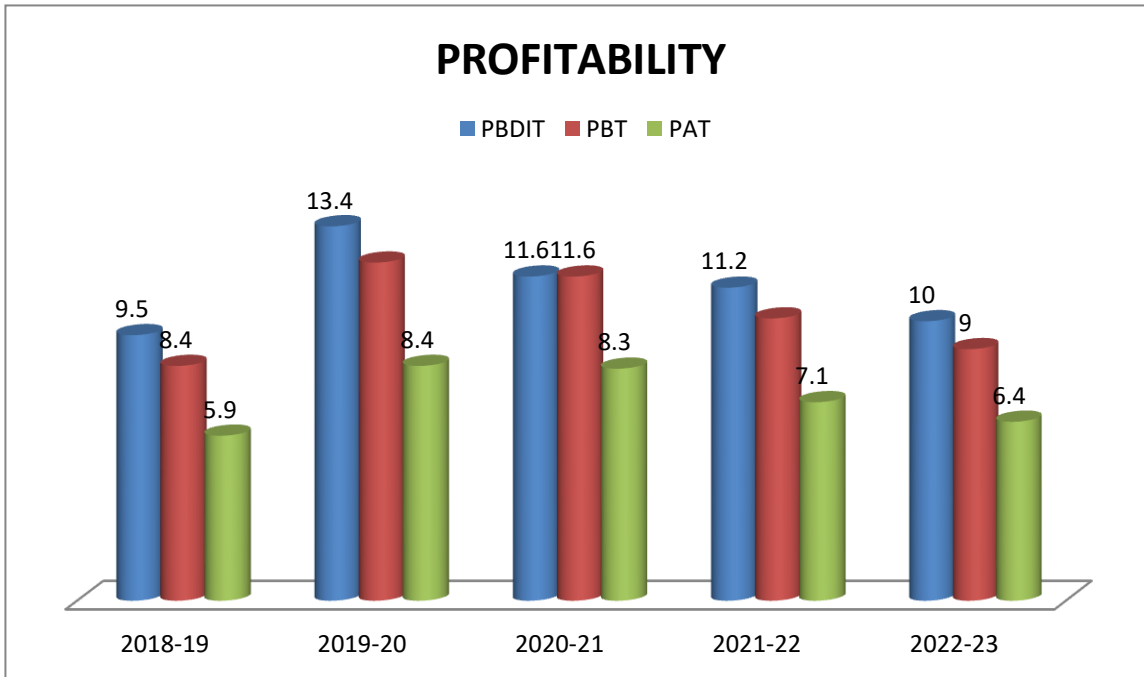
- Maruti Udyog Ltd.
- Bajaj Auto
- Toyto Kirlosker
- Honda Siel
- TVS Suzuki Ltd
- Wheels India Ltd
- Telco
- Mahindra & Mahindra
- Ford India Ltd
- Hindustan Motors (For Lacer)
- Hero Honda Motor Company
- Godrej & Boyce Mfg. Ltd

Total Sales for 5 Year

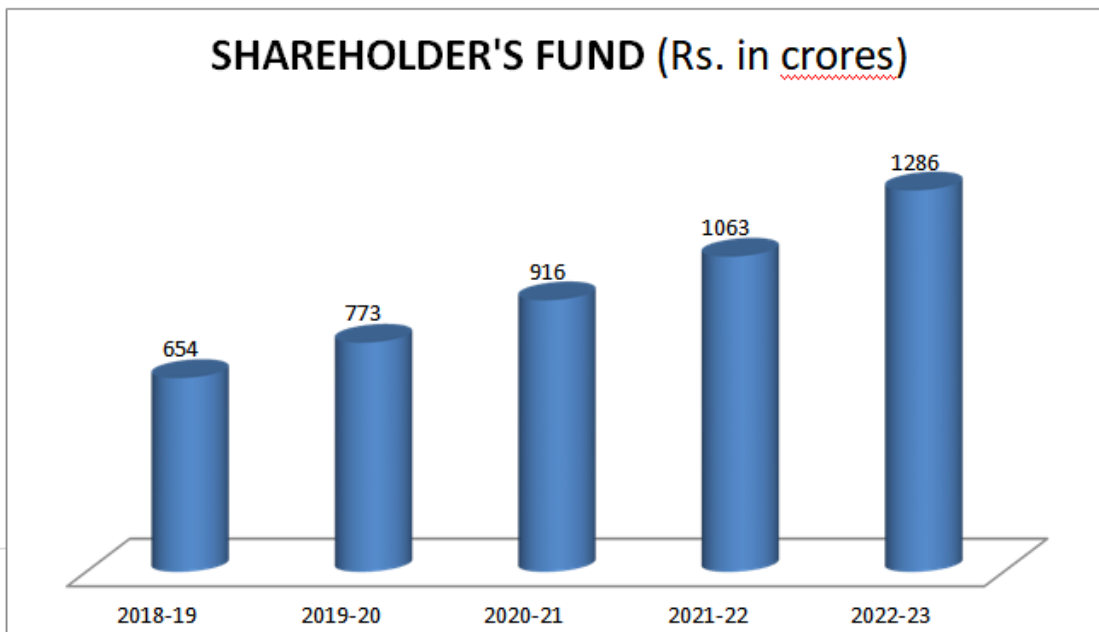


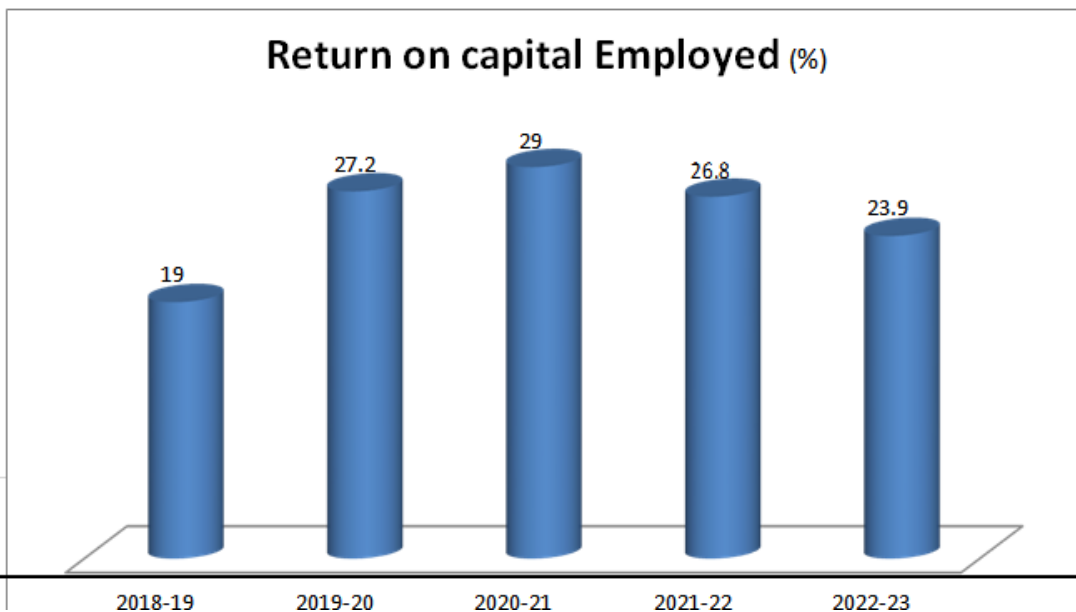
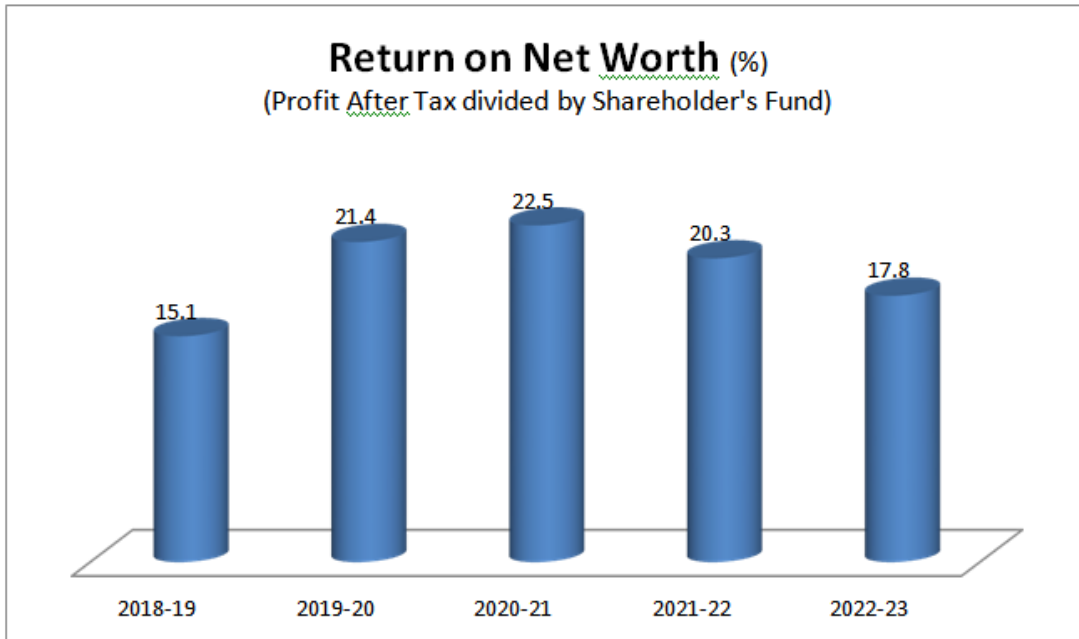
Total Profit for 5 Years

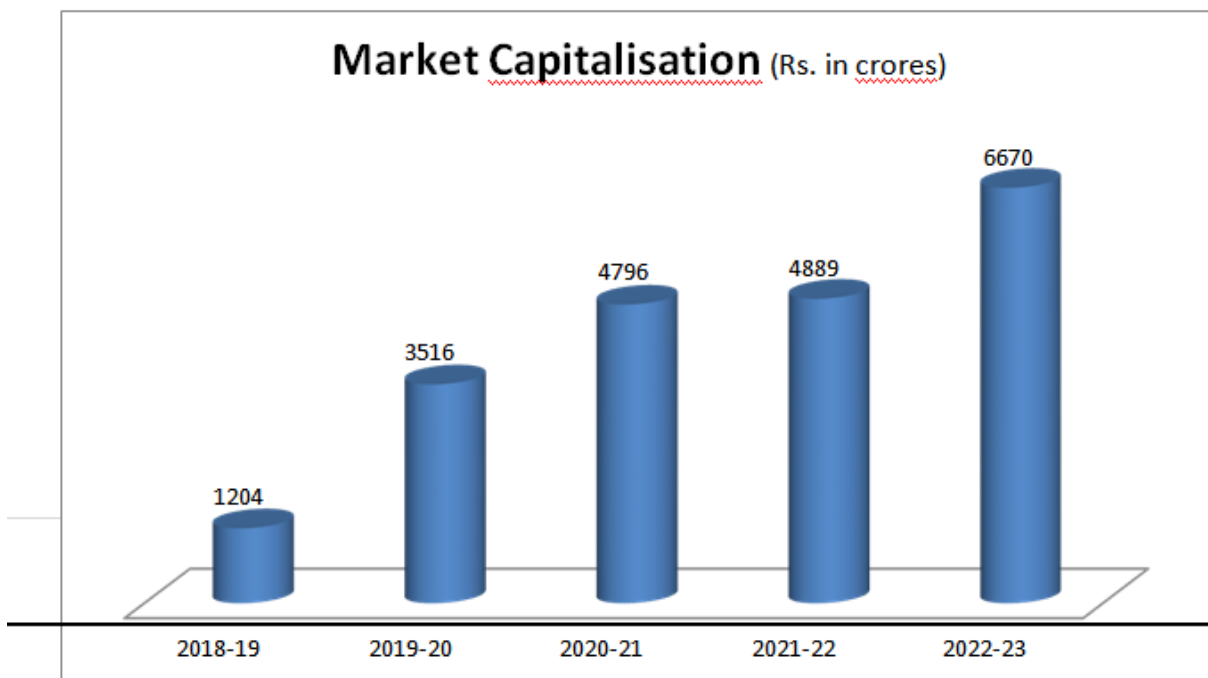
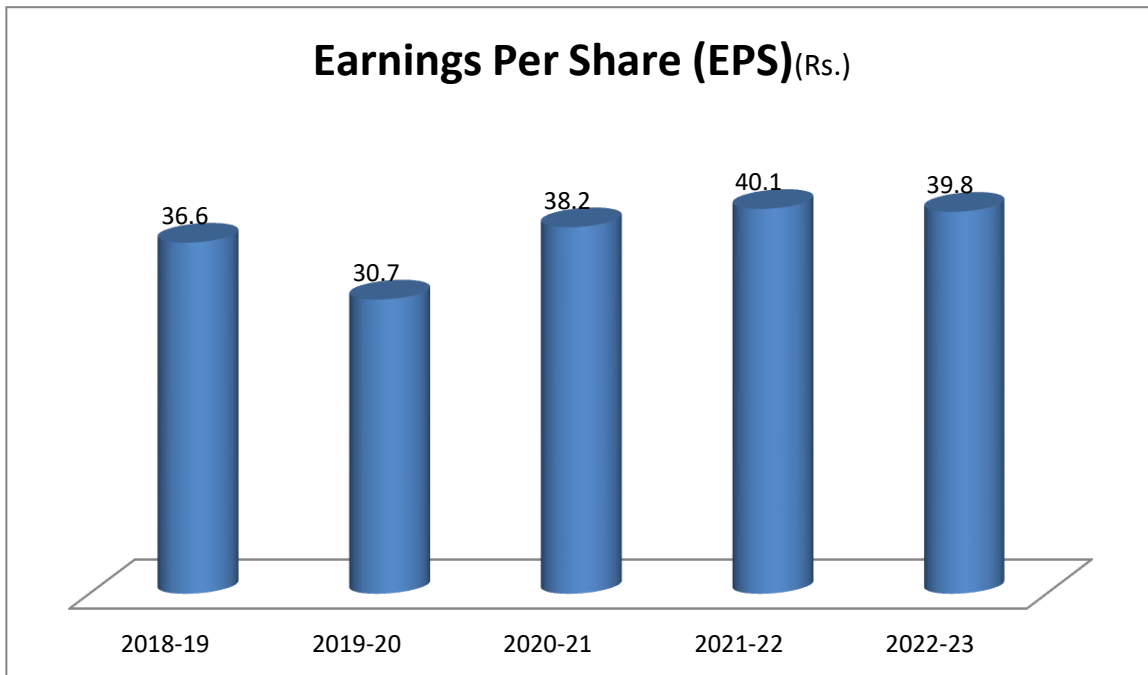


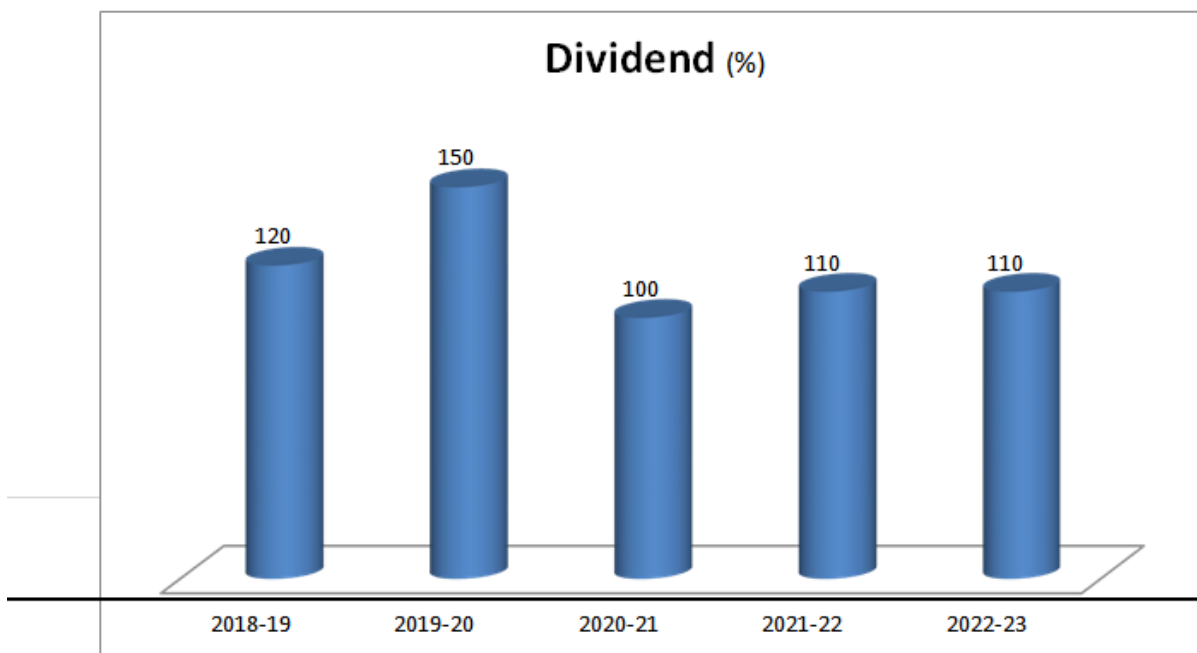
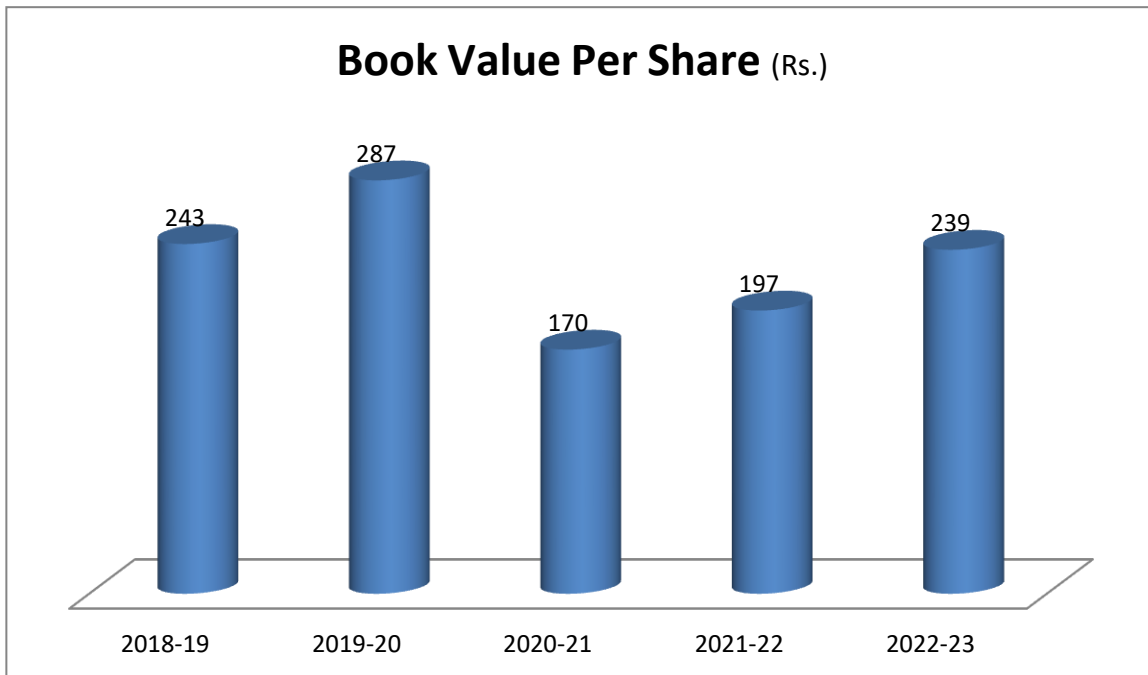


SHAREHOLDER'S FUND (Rs. in crores)









**(d) Competitors of the Organization**

Goodlass Nerolac Paints Ltd, is a Company of 1320 crore turnover. Company is giving its service from more than eight decades. In the market company is prevailing with great impact in the market because there is a large no. of competitors. In both the segment Decorative and Industrial, its competitor are as follows:-

Decorative	Industrial
Asian Paint	Asian
Berger Paint	Berger
ICI Paint	ICI

Now, here are some of the competitors products and its brand name.

**ASIAN**

- Premium Emulsion - Royale
- Premium Exterior Emulsion - Apex
- Washable Distemper - Tractor
- Exterior Plastic Paint - Ace
- Synthetic Enamel - Apcolite

**BEREGER PAINTS**

- Premium Emulsion - Luxol Silk
- Premium Exterior Emulsion -Weather coat
- Washable Distemper - Bison
- Exterior Plastic Paint - Wall Masta
- Synthetic Enamel - Luxol
- Texturised Finish Exterior - Weather coat
- Texture Coment Base Paint - Durocem

**ICI**

- Premium Emulsion - Velvet Touch

Premium Exterior Emulsion	-	Weather Shield
Washable Distemper	-	Maxilite
Exterior Plastic Paint	-	Dulux
Synthetic Enamel	-	Supercoat
Texturised Finish Exterior	-	Dulux
Coment Base Paint	-	Farcocem

**(e) Product Profile of Kansai Nerolac Paints Ltd.****Decorative Paints**

Walls

Interior Emulsion

Water Based Paints

**Impression 24 Carat Premium Luxury Emulsion****Product Description**

Nerolac Impression 24 carat premium Luxury Emulsion is a premium Quality Architectural coating specially formulated by using pure acrylic latex, and high opacity micronized pigments so as to impart smooth velvet finish, with excellent wash ability.

**Performance Features & Benefits**

- Smooth velvet Finish with sheen



- Excellent wash ability & Stain Resistance
- Very good Antifungal Resistance
- Ease of application
- Low odour

### **Distemper**

#### **Nerolac Beauty premium Acrylic Distemper**

#### **Premium Description**

Nerolac Beauty Premium Acrylic Distemper is supplied in paste form and it can be used for the decorative of fully matured plasterwork, concrete, brickwork and asbestos surfaces. The paste is bound with a stable acrylic medium.

#### **Performance Features & Benefits**



- Premium Acrylic Distemper
- Ease of application
- Good washable
- Eye soothing matt finish

## Beauty Little Master Acrylic Emulsion

### Product Description

Nerolac Little Master Acrylic Emulsion, is a specially developed economical product with a smooth Finish with good whiteness, opacity and coverage . It is formulated by using ideal combination of pigments and extenders, dispersed in a copolymer emulsion for smooth and pleasant matt finish.

### Performance Features & Benefits



- Smooth and pleasing matt finish.
- Ease of application.
- Economical product with optimum performance.

## Exterior

### Nerolac Excel Total

#### Product Description

Nerolac Excel Total All In One Acrylic Exterior Emulsion is a high performance premium water based, long lasting exterior paint, with UPF (Ultimate Paint Formula). It is formulated to suit the extreme tropical conditions of high rainfall humidity and heat. The product is based on Silicon modified pure Acrylic polymer and hence it forms a tough and flexible protective film, with an excellent bonding to the substrate, which gives Excellent Dirt Pick-up resistance and Excellent Sheen. All n One Acrylic Exterior Emulsion contain a unique combination of surface protestants, which are released slowly over a long period of time. This actively helps not only to prevent the fungal and algae growth, but also ensures constant surface activity against these irritants for a long period. It also offers a 7 year warranty.\*

### Performance Features & Benefits



- Excellent out-door durability.
- Very good colour retention.
- Smooth with Sheen finish.
- Easy to apply and maintain.
- Very wide range of beautiful colours.
- Very good coverage thus good value for money.
- Warranty applicable only on a minimum purchase of 100 liters. For warranty details, Refer to the warranty booklet available with the dealer.

### Nerolac Excel Anti-Peel Acrylic Exterior Emulsion

#### Product Description

Nerolac Excel Anti-Peel Acrylic Exterior Emulsion is a premium water based, high performance, long lasting exterior paint, formulated to suit the extreme tropical conditions of high rainfall, humidity and heat. The product is based on 100% Acrylic resin and hence it forms a tough and flexible protective film, with an excellent bonding to the substrate, which prevents peeling off or cracking for years together. Nerolac Excel Anti-Peel Acrylic Exterior Emulsion contains a unique combination of surface protectants, which are released slowly over a long period of time. This actively helps not only to prevent the fungal and algae growth, but also ensures constant surface activity against these irritants for a long period.

### Performance Features & Benefits



- Excellent resistance to fungal and algae growth.
- Very good color retention.
- Excellent out-door durability.
- Faster drying.
- Smooth & Matt to slight Sheen finish.
- Easy to apply and maintain.
- Superior wash ability & scrub resistance.
- Very wide range of beautiful colors.
- Very good coverage thus good value for money.

### Nerolac Suraksha Plastic Exterior Emulsion

#### Product Description

Nerolac Suraksha Plastic Exterior Emulsion is an economical water thinnable coating, specially designed for application on exterior walls in dry or moderately humid climatic conditions. It is much superior to normal cement paint coating in respect to exterior durability, finish, washability and resistance to fungus / algae.

### Performance Features & Benefits



- Economical water thinnable coating.
- Excellent adhesion.
- Low dust pick-up.
- Better outdoor durability.
- Smooth and pleasing finish
- Performance much superior to cement paint.
- Continuous protection.

### Nerolac Suraksha PLUS Acrylic Exterior Emulsion

#### Product Description

Nerolac Suraksha PLUS Acrylic Exterior Emulsion is an economical water thinnable coating, specially designed for application on exterior walls in dry or moderately humid climatic conditions. It has a unique „Colour Lock+ “ technology, which locks in the colours ensuring that colours on exteriors keep looking like new for long. It is an ideal choice for consumers wishing to upgrade from cement paint since it is much superior to normal cement paint in respect to durability finish and resistance to algae.

### Performance Features & Benefits



- Superior colour retention.
- Better outdoor durability.
- Resistance to cracking and peeling.
- Resistance to algae.
- Smooth and pleasing finish with sheen.
- Performance superior to cement paint.
- No need of curing.

### Enamel

#### Nerolac Satin Enamel

#### Product Description

Nerolac Satin Enamel is specially formulated to give an excellent smooth finish resembling the smoothness of satin to masonry, wood and metal surfaces. It can be easily cleaned to give new look to the surface.

#### Performance Features & Benefits

- Very smooth satin like appearance
- Good washability
- Very good flow brushability
- Hard durable film



## Nerolac Synthetic Enamel

### Product Description

Nerolac Synthetic Enamel is a time tested and proven, high quality alkyd based enamel.

### Performance Features & Benefits



- Excellent Water Repellency
- Good Stain Resistance
- Excellent flow characteristics to form smooth and uniform finish
- Excellent Hardness and Durability
- Excellent Gloss.

### Woods

#### 1) **1K PU**

Variants - gloss, matt

Type of coat - Top Coat

Feature - Good Gloss, Easy to use good value for money

Usage - Wood, Veneer

#### 2) **2K PU**

Variants - Gloss, Matt, Sealer, Thinner

Type of Coat - Top Coat

3) **NC Thinner**

Variant - NA

Type of Coat - Thinner

Feature - Compatible with NC & Melamine based products

**Industrial Paints**

**Automotive Coating**

Kansai Nerolac Paints is the market Leader in the automotive coating segment in India with a market share of over 60% with global technology acquired from Kansai Paints Co. Ltd, Japan. Kansai Nerolac offers the latest technology in automotive painting systems to the Indian automotive industry.

Automotive coating of Kansai Nerolac have been tested and certified by global automotive manufacturers who have set up base in India like:-



Through its various strategic collaborations, Kansai Nerolac offers a total painting system to auto maker in India with a range of products, starting from Pretreatment Chemical, Electro Deposition Primers, Intermediate Coats/primer surface, Solid & Metallic top coats, Clear Touch- up Paints.

The product range is backed up by a strong technical service network of experts placed at customer end, Training programs, VA/VE activities in co-ordination with customer resulting in ultimate delivery of optimized painting solutions. Kansai Nerolac provide very specific product range these are as follow:-



## Product Range

### Pre-Treatment Chemicals

- High & Low Temperature Degreasing Chemicals
- De-rusting Chemicals
- Di-cationic and Tri-cationic Phosphate Chemicals
- Activation & Passivation Chemicals
- Surface Conditioners
- Pre-Treatment Chemicals for Plastics.

### Electro Deposition (ED) Primers

- Polybutadine-Based Anodic Electro-Deposition Primer (AED)
- Epoxy Resin-Based Cathodic Electro-Deposition Primer (CED)
- Acrylic Resin-Based Cathodic Electro-Deposition Primer (ACED)

### Intermediate Coats / Primer Surface

The Intermediate Coats are available in white, light grey, dark grey, red, blue and other specific colours as required by OE manufacturers.

### Top Coats

New technologies in top coats such as 3 Wet Coating Systems are available which are being adopted by various automotive customers to improve productivity, reduction in costs and meeting the environmental norms. Various types of Metallic & Mica finishes are available.

### Clear coats

- scratch resistance
- acid & alkali resistance
- UV resistance
- mar resistance

Heat resistant paints

Heat resistant paints, both for interior & exterior surfaces of motorcycle mufflers. These are made to withstand high temperature conditions up to 600 degree

## **CHAPTER – 3 Distribution channel – A Theoretical Concept**

### **The Distribution Channel**

Frequently there may be a 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:

- Selling direct, such as with an outbound sales force or via mail order, internet and telephone sales
- Agent, who typically sells direct on behalf of the producer
- Distribution (also called wholesaler), 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. Hostels, 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, like 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 Members**

Distribution channels can thus have a number of levels. Kotler defined the simplest level, that of direct contact with no intermediaries involved, as the „zero-level“ channel.

The next level, that „one- level“ channel, features just one intermediary; in consumer goods a retailer, for industrial goods a distributor. In small markets (such as small countries) it is practical to reach the whole market using just one and zero-level channels.

In large markets (such as larger countries) a second level, a wholesaler for example, is now mainly used to extend distribution to the larger number of small, neighborhood retailers or dealers.

In Japan the chain of distribution is often complex and further levels are used, even for simplest of consumer goods.

In IT and Telecom industry level are named “tiers”. A one tier channel means that vendor IT product manufacturers (or software publishers) work directly with dealers and with distributor who sell to dealers. But the most important is the distributor.

### **The Internal Market**

Many of the market principles and techniques which are applied to the external customers of an organization can be just as effectively applied to each subsidiary“s, or each department“s, „internal“ customers.

In some parts of certain organization this may in fact be formalized, as goods are transferred between separate parts of the organization at a transfer price. To all intents and purposes, with the possible exception of the pricing mechanism itself, this process can and should be viewed as a normal buyer- seller relationship. The fact that is a captive market, resulting in a monopoly price. Should not discourage the participants from employing marketing techniques.

Less obvious, but just as practical, is the use of marketing by service and administrative departments to optimize their contribution to their customers (the rest of the organization in general, and those parts of it which deal directly with them I particular). In all of this the lessons of the non-profit organizations, in dealing with their clients, offer a very useful parallel.

### **Channel Decisions**

- Channel Strategy
- Product <> Cost<> Consumer Location

### **Managerial Concerns**

The channel decision is very important. In theory at least 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 supplier 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 process involve in that chain, until the product or service arrives with the end user. This may involve a number of decision on the part of the supplier:

- Channel Membership
- Channel Motivation

- Monitoring and managing channels

### **Channel Membership**

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 owner 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 competitor is offered to the distributors sales personnel, so that they are tempted to push the product. Dent defines this incentive as a channel member on the commercial merits of doing business together. He describes this as selling business model 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 sales force, calling on the larger accounts, with agents covering the smaller customer and prospects.

## **CHAPTER – 4 Distribution Channel of Paints In Muaffarpur – Practical Aspect**

### **Distribution Channel in Kanpur Market**

In the good old days. A wholesaler procures an order, acquires good and stores them in a warehouse, supplies order based stock for a calculated amount of profits. He played a number of roles- he was an intermediary who took care of logistics and move stock around a consolidated sales agent for suppliers, a local customer service point and a demand buffer for manufactures.

Yes, multitasking existed even then but within a limited scope. But there were limitations of physical kind- all these roles could be played out only within a certain geographical terrain.

### **A Distribution Network Today**

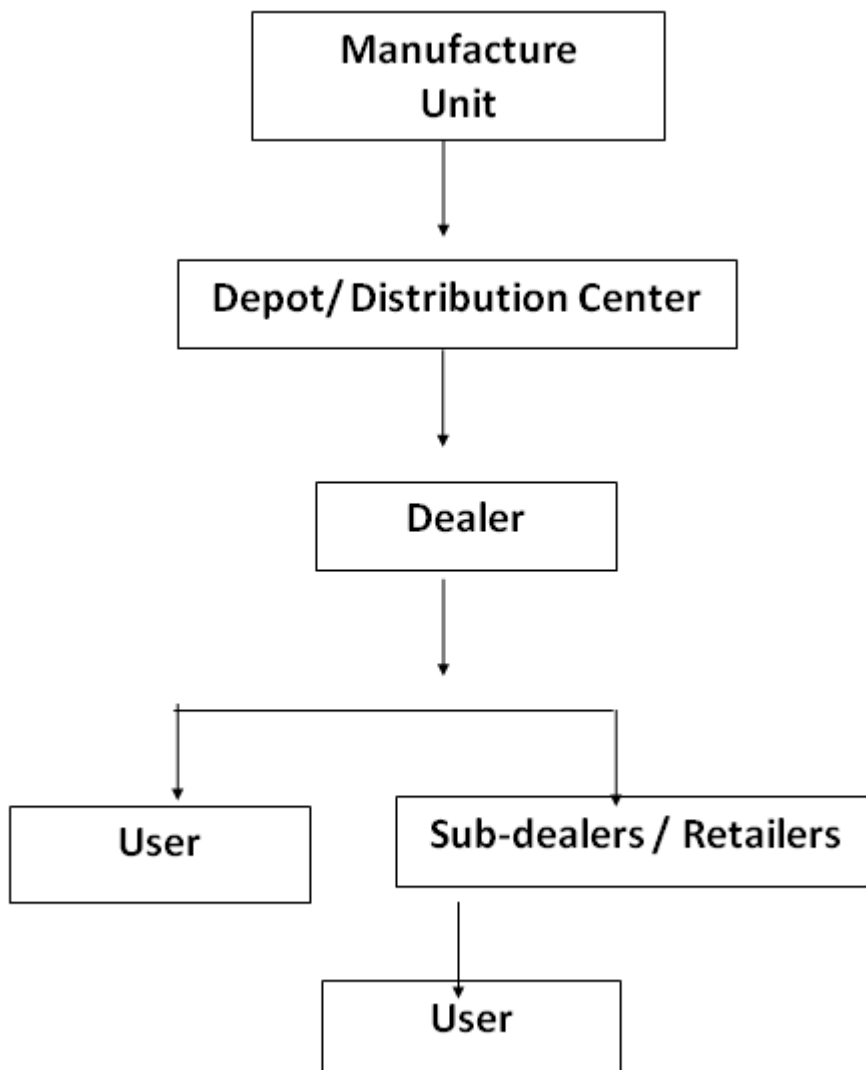
For a dealership distribution we have done a survey. In survey we have seen the market potentiality, customer potentiality, demand, area, location, etc. If customer is willing to take a dealership we will provide the dealership to the customer, but first of all we need some document like VAT No. Tin no. and bank a/c in any bank. If document

are ok then we open the customer account in the company. We are providing goods to the dealer when he needed. We make a good contact with the dealer. we meet with the dealer in a regular basis. We gave a reward and schemes in a regular basis. If dealer perform well we gave colour world machine. By the help of this dealer can increase his profit. For a ordering system we go to the shop and take the order. Dealer can give order o n a phone call. For billing we gave a time of 7 days to the dealer.

A distributor plays a virtual role an almost invisible part of a smooth supply chain. Third- party logistics providers help goods from one part to another in a day. While a more customer- centric distribution chain enable direct ordering and tracking of orders over phone and regular visit.

To make these necessary shift the distributor needs to have more information about all customers, learn to manage inventory from other distributors and have a workflow; based information system. Effective supply chain management is an intricate loop, one that being with the customer and ends with the customer.

### Channel of Distribution in KNP Kanpur



## CHAPTER- 5 Data Analysis & Interpretation

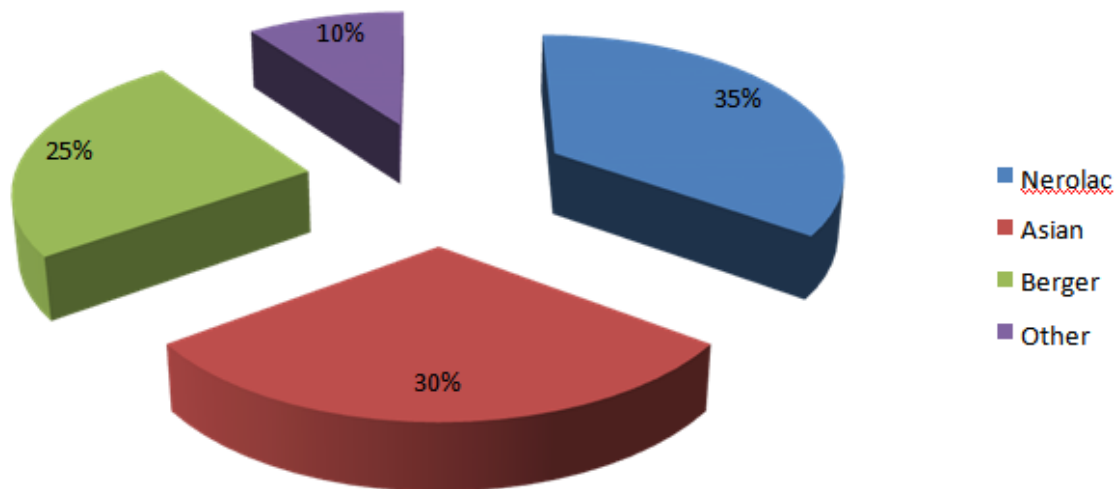
### Data Analysis & Interpretation

In order to study the market strategy of a product we must get the feedback from the market concerned. For academic purpose I choose 100 sample of the urban area about Kanpur and the town itself.

Questionnaire was prepared to study fourteen basic facts about marketing field. They were meant for the sub-dealer concerned with the paint industry and particularly selling Nerolac Product. Questions are listed below:

#### 1. Which company are you dealing with?

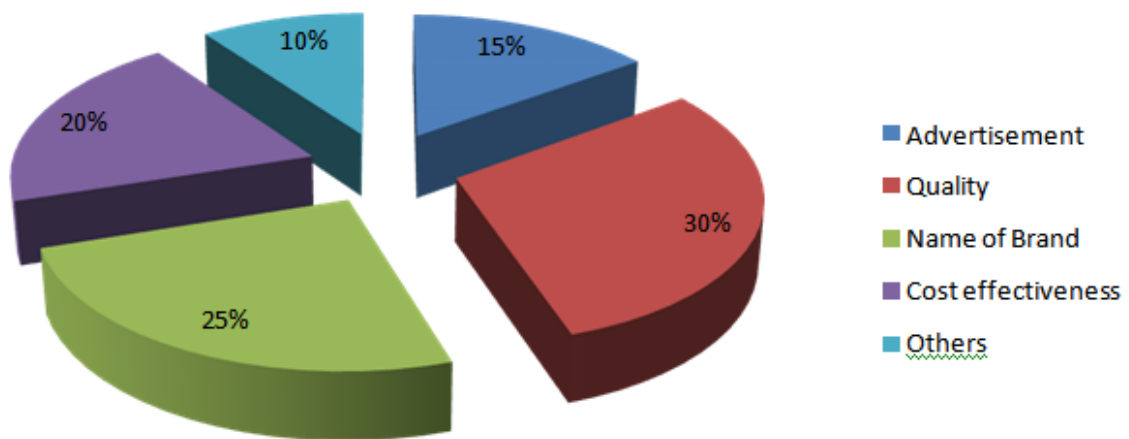
Nerolac	35%
Asian	30%
Berger	25%
Other	10%



It is evident from the above pie chart, maximum sub-dealers are selling Kansai Nerolac Products in Kanpur market.

2. What is the region for selling a particular paint companies product

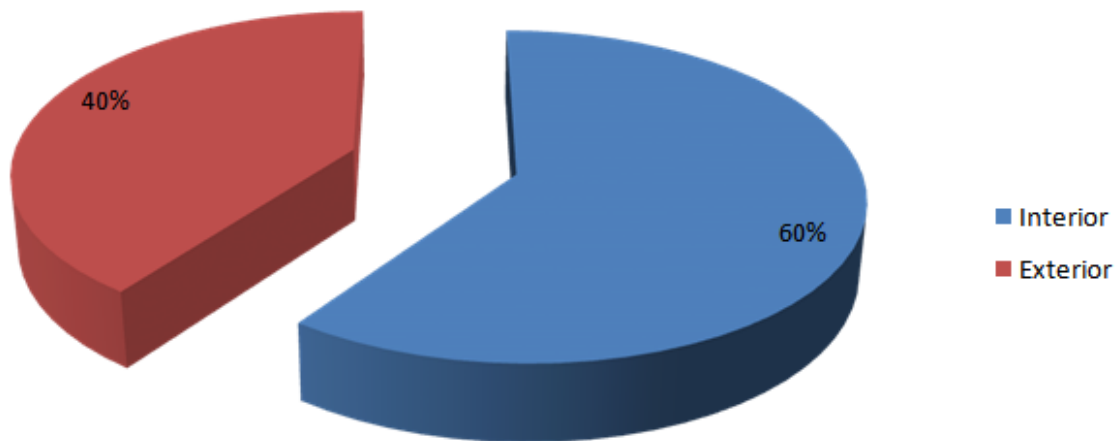
Advertisement	15%
Quality	30%
Name of Brand	25%
Cost effectiveness	20%
Others	10%



It is evident from the above pie chart, the maximum sub-dealer like to sell paint products having good quality, Name of brand, low cost and advertisement in Kanpur market.

3. Which brand is highest selling in your counter ?

Interior	60%
Exterior	40%

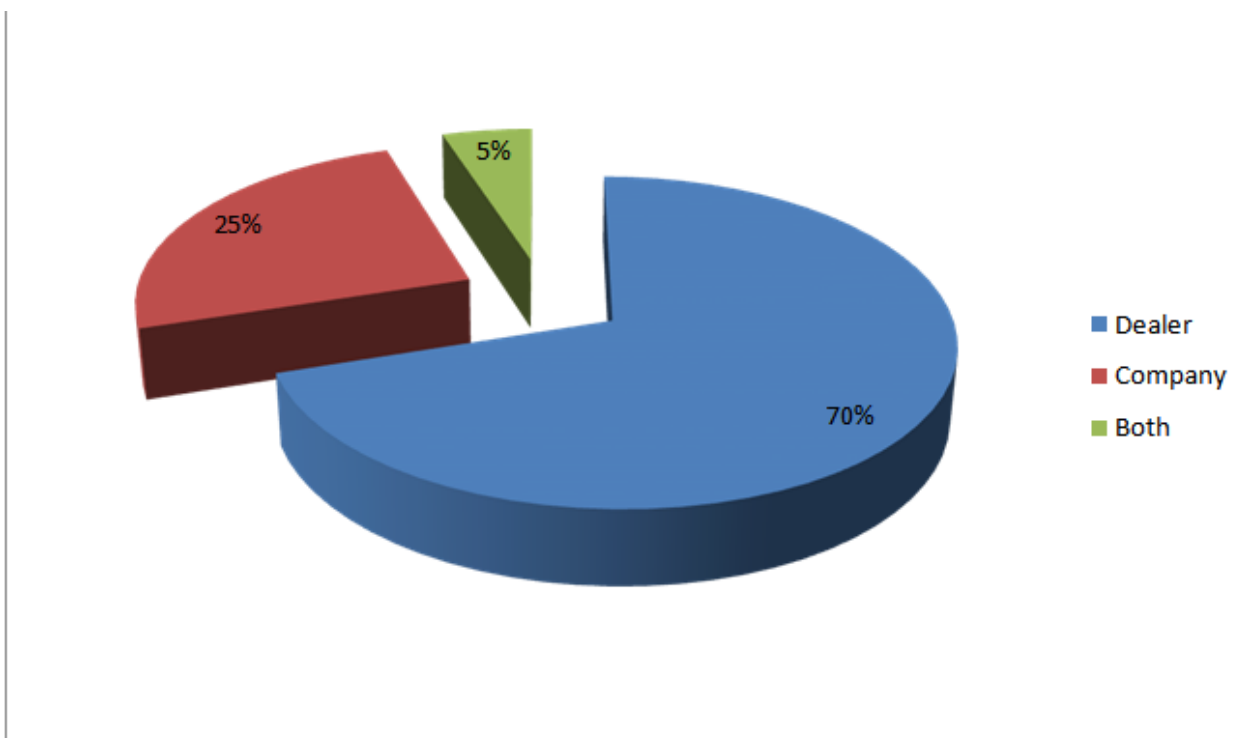


Is shown the above pie chart that 60% of the sub-dealer said Interior paint and 40% said exterior paint are highest selling.



4. What is your source of purchasing product ?

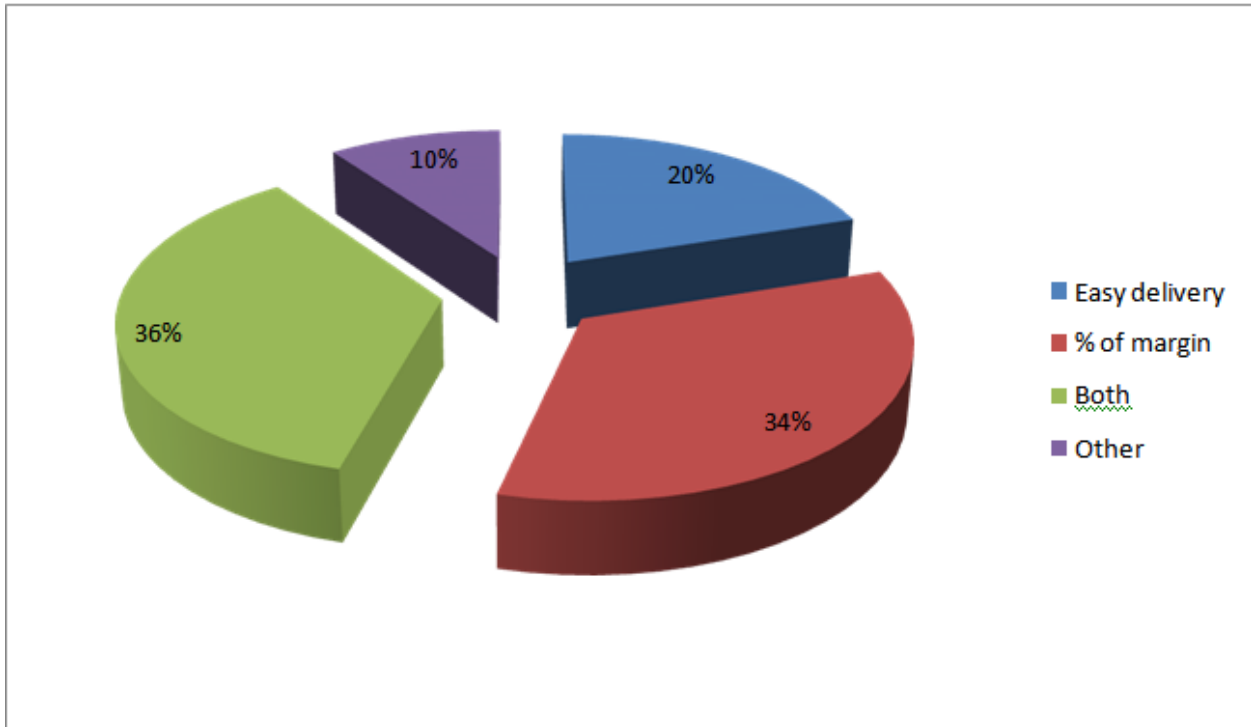
Dealer	70%
Company	25%
Both	5%



In the above pie chart most sub-dealer i.e. 70% purchasing paint product from Dealers, 25% purchasing direct from company and 5% purchasing both dealer and company.

5. What is your expectation for taking the dealership of any company ?

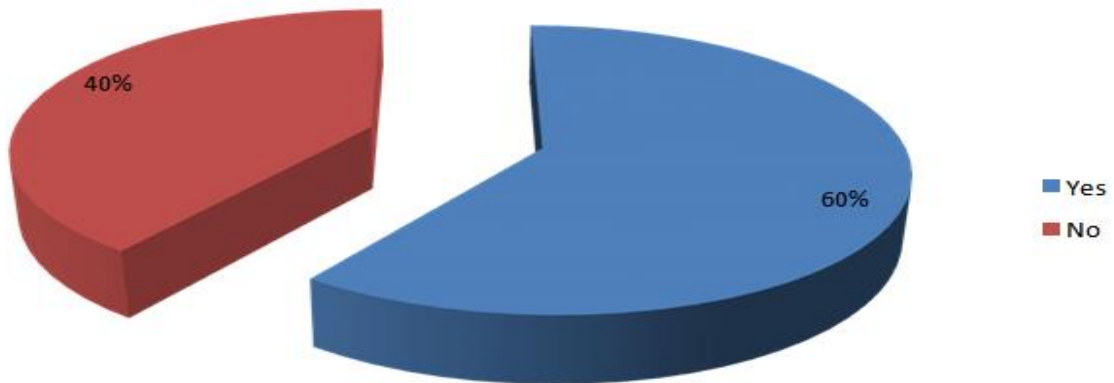
Easy delivery	20%
% of margin	34%
Both	36%
Other	10%



In the above pie chart 36% sub-dealer tell Easy delivery and %of margin both the expectation of taking dealership in Kanpur market.

6. Are you interested for taking dealership of Nerolac Paints ?

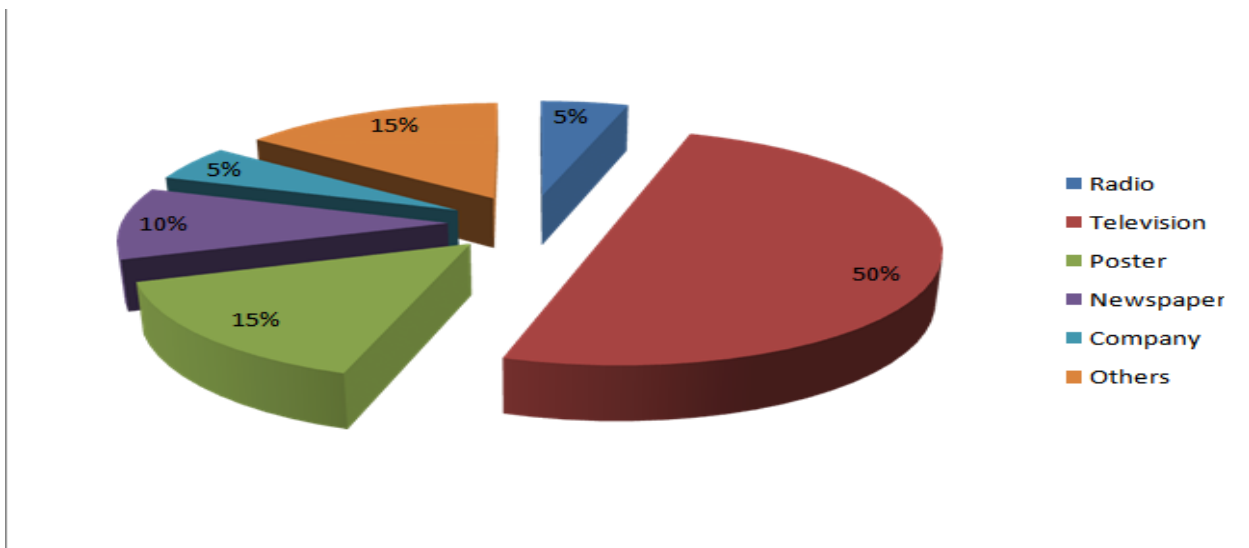
Yes	60%
No	40%



In the above pie chart 60% sub-dealer wants to take dealership in Kanpur market.

7. Which type of advertisement is useful ?

Radio	5
Television	50
Poster	15
Newspaper	10
Company	5
Others	15

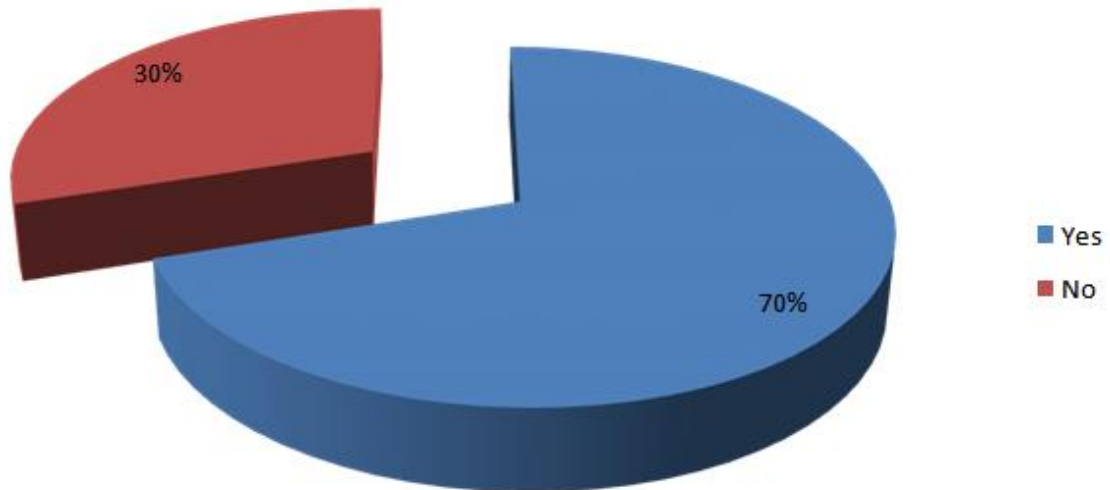


In the

above pie chart 50% sub-dealer told television advertisement is useful.

8. Are you satisfied with Nerolac Service ?

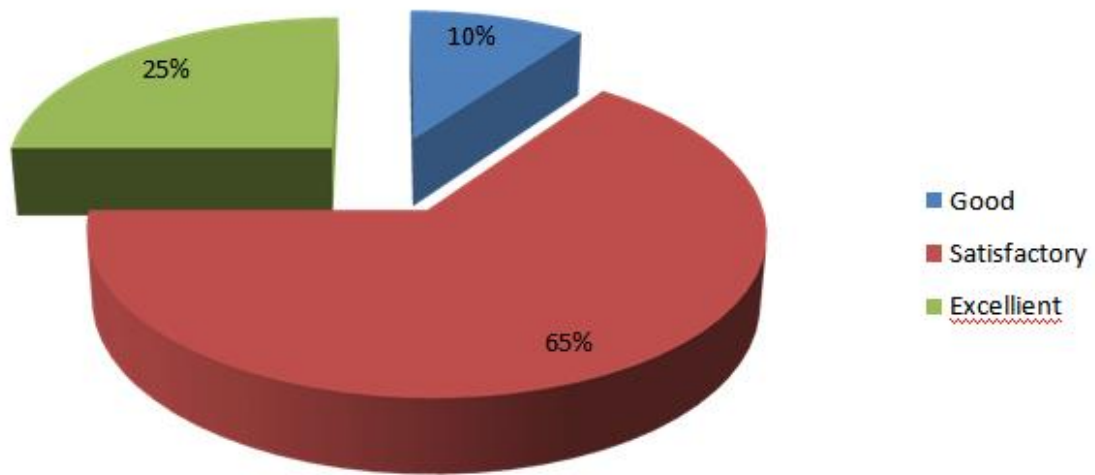
Yes	70%
No	30%



In the above pie chart, most of the sub-dealers i.e. 70% are satisfied with Nerolac service.

9. What is the response of Nerolac Paint amongst consumers ?

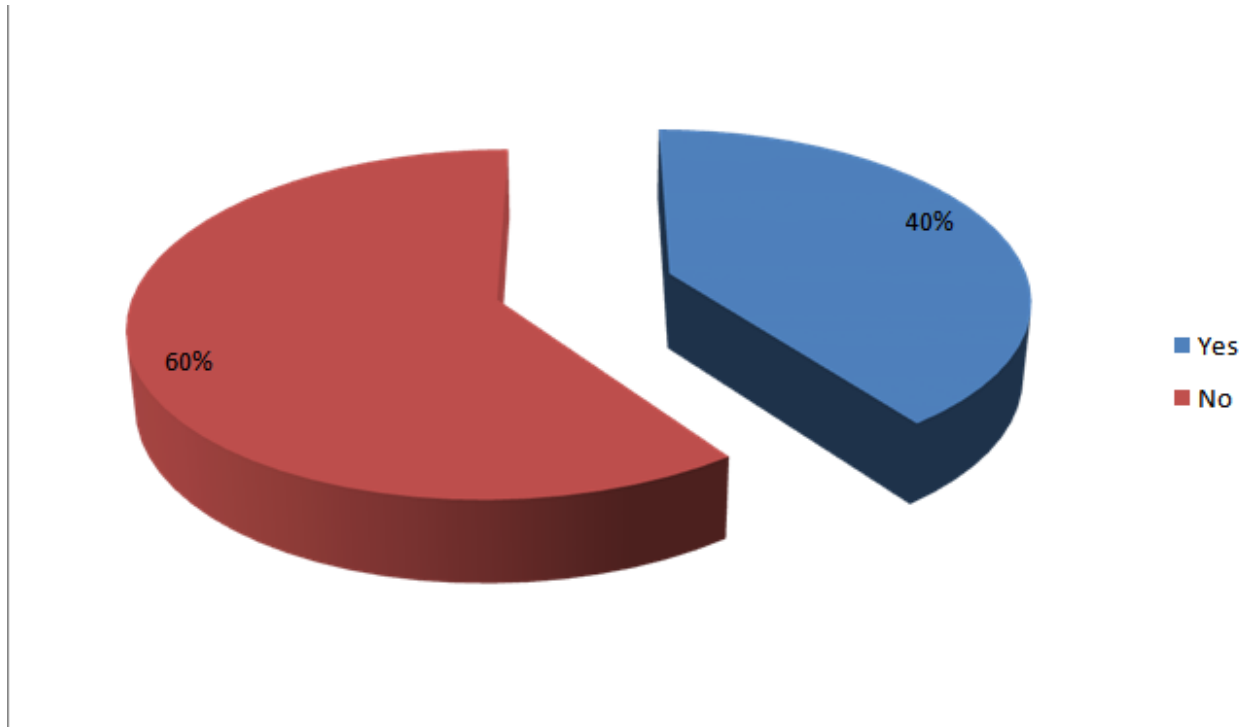
Good	10
Satisfactory	65
Excellent	25



In the above pie chart, 65% consumer are said its satisfactory & 25% said excellent

10. Does your shop gets visited by companies sales personnel ?

Yes	40%
No	60%



In the above pie chart, most of the sub-dealers i.e, 60% are the companies personnel does not visit for sub-dealers counter.

## **CHAPTER- 6 Conclusion & Suggestions**

### **Conclusion & Suggestions**

#### **Conclusion**

To conduct the survey of Kanpur Market is for knowing the prospect of paints in this area. In this markets the immediate competitor of KNP is Asian, Berger and ICI. The research first prepared a questionnaire containing questions for collecting information form different paint outlets. The researcher collected the information from a sample of 70 different outlets. The researcher collected the some of the important finding of the survey are as under:-

- 1) In urban Market, Nerolac paints is the largest selling brand due to the brand name and good marketing strategy. Asian paints products are the second largest selling paints in urban areas, berger is the third largest selling paints in this area due to lack of good advertisement appropriate distribution channel.
- 2) In Kanpur market when the researcher asked the name of highest selling brand from the sub- dealers 35% respondents said Nerolac 30% Asian, 15% respondent said Berger, 10% respondent said other paints.
- 3) When the researcher asked about the reason of highest selling brand, 30% said good quality, 20% said cost effectiveness, 15% said due to advertisement and 25% due to brand name.
- 4) When the researcher asked why they purchase paint from these dealer, they said due to good behavior, good service and availability of the range of product.
- 5) When the researcher asked are you interested in dealing directly with the company ? most of them said No due to large investment of sale of paints.
- 6) When the researcher asked what is your expectation for taking the dealership, approx 36% respondent told that they want to easy delivery and % of margin both.
- 7) According to my finding most of sub-dealer i.e. 70% are satisfied with Nerolac Services.

#### **Suggestions**

I offer the following suggestion which I feel it accept will certainly enhance institutional sale and dealers, sub-dealers management.

- 1) Price mechanism should be controlled by allowing uniform special discount among the dealers.
- 2) There should be the regular visit to the institutions for getting in the mind of sub- dealers.
- 3) Company should not be the big- dealer oriented only, it causes discontent among dealer as well as sub-dealer
- 4) Company should look after its supply positions.
- 5) Company should try to create harmonious relation between dealers, sub- dealers.



- 6) Company should use banner, hoarding at the public place mentioning the slogan quality price of the product.
- 7) Apart from business activities there is something, which increase the public relation that is behavior and it should be very cordial and affectionate.
- 8) There is a need to visit institution more frequently and there is a need to develop contacts with them. Promote this segment more aggressively.
- 9) Nerolac should try to persuade the retailers to give more space to Nerolac product at their counters.
- 10) The dealer's price must be competitive with the product of the other companies.
- 11) The facilities given at the time of festivals should be made throughout the years, if so then sellers get encouraged & sale will certainly go up.

### Questionnaire

- 1) Name of the Dealer :
- 2) Address :
- 3) Phone No :
- 4) Are You dealer or sub dealer of any paints Company. Yes          No
- 5) If yes then which paints Company you have dealership? Nerolac Paints    Asian Paints    ICI          Paints  
Others
- 6) Which Facility of this paints Company attracts you for Dealership?  
Company Brand Name    Company Market profitability    Sales Team Service Better Supply of Goods          Financial  
Transaction    Schemes & Rewards  
Others
- 7) Which Brand of paints Company most of the customer preferred?  
a) Nerolac paints          b) Asian paints          c) ICI paints          d) Others
- 8) Is your Companies provide better Scheme & Reward on completions of Target?
  - Yes
  - No
- 9) Is your Company provides all types of categories of paints to the customer?
  - Distemper
  - Exterior & Interior          Emulsion
  - Putty
  - Plastic paints
  - Others

- 10) Are you satisfied from the dealership of this paints Company?
- Yes
  - No
- 11) Is the Financial Transaction & delivery of goods of this paints Company are given full satisfaction to you?
- Yes
  - No
- 12) If you have a chance to change the dealership of this company then which paints company you prefer and why?
- 13) Do you know about the Kansai Nerolac paints?
- Yes
  - No
- 14) Do you know that Nerolac Paints is the seconds largest market share Company in India?
- Yes
  - No
- 15) Do you know that Nerolac Paints give their dealer better scheme & rewards in comparison to their paint company in the form of Foreign and India tour.
- Yes
  - No
- 16) Do you know that Nerolac Paint deal all categories of Interior & exterior paints, Emulsion, Distemper, putty, paints?
- Yes
  - No
- 17) Do you know that today most of the Customer prefer Nerolac Paints due to big Brand name & big Brand Ambassador?
- Yes
  - No
- 18) Do you know that Nerolac offer less price against the better quality of paints to the Customer?
- Yes
  - No
- 19) Do you know that goodwill and fame of Nerolac Paints is very much high then other Paints Company?
- Yes

- No

20) If you are going to start the dealership with Nerolac Paints which types of facility you want from the Company?

- Market Profitability
- Supply of Goods
- Better Sales team service
- Regular Scheme & Reward
- Others

Date:

Dealer Signature:

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