

STUDY AND REVIEW THE EXECUTIVE METHODS FOR CAPILLARY DISTRIBUTION IN IRAN

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Abstract- A capillary distribution is founded on a blood circulatory system as exists normally in all living organism bodies. It is a procedure by which goods and services are supplied and distributed from a center or an origin whether a firm or its division(s) and follows, from inception, continues, permanent and non-stop process. A capillary distribution and any affecting factors in it are the most substantial issues of marketing and sales to which nearly all firms attach importance for the safe of their products.

Given these cases and supplementary studies as well as given the opinions expressed by the experts of SHIR- e- Iran company, Ltd, this study has been designed to find whether the executive methods of capillary distribution is suitable. After the studying and statistical analysis of data, the findings of research were decided on and some recommendations were presented to improve the existing methods and implement the new methodologies.

Key Words- capillary distribution, distribution channel, Distribution strategy, productivity, marketing.

Introduction

Distribution means to supply customer with a desired product at the right time and at the right place the accomplishment of which is made through different courses and ways the actual name of which is a "distribution channel".

A distribution channel is an intermixed series of organizations, agencies and individuals who are in charge of providing the end users with goods and services. Besides, a logical equilibrium that exists amongst these organs will guarantee the life of this channel (Rusta, 1996).

As there are plenty of rivals and competitors each of whom has formulated plan to gain larger share of dairy products markets, production no longer faces any problem and difficulty but it is only the supply of products may fill the company with a main concern.

The notion of capillary distribution and any factor that affects it stand as the most substantial issues of marketing and sale to which the firms attach importance for the sale of their products. Given the fact that the major functions of a firm are those of supplying, distribution and sale, if there are appropriate executive methods that are in accord with the philosophy of a firm's existence and the competitive position of market, we will inevitably experience a more increased consent shown by a customer, increased stimulus in personnel, rise of sale, grown profitability and a decreasing rate of costs.

We can check the levels of consent shown by the customer to identify the strengths and weaknesses of this sector and we can also pathologies carefully all

damages to remove all these weaknesses and improve the strengths. It is by this way that we can not only strengthen and increase the personnel's stimuli with a good model but also take steps, based on good performance, to exercise all appropriate modifications in the corporation (M.Shahrudy, 2007).

The distribution of a firm's product is made in the forms of a capillary one and sale through wholesale dealers. Considering the competitive conditions in market places, a move to distribute the goods and products must be made by establishing immediate contact with the customers. Based on all studies and investigations made and all experiences obtained, the corporation has come to this conclusion that the best roadmap is to conduct a capillary distribution that is to say, establish a relationship with the retailers and end-users.

Our question in this research study is whether the available methods are appropriate or otherwise and what proposals we can use to correct these methods?

A capillary distribution channel

This channel consists of a collection of agencies and individuals who put available to end-users all supplied products or service either immediately or through the channels of retailers. A capillary distribution has been founded after the model of blood circulation in bodies of organism. Thus, as it is widely known, a blood circulation, given the anatomy of human's body, states circulating blood from heart and after being pumped by capillaries through veins and arteries it circulates in all parts and points of the body. This is also true to the

capillary distribution network of goods and services; that is to say, a simulated blood supplying system of body revealed that unceasingly a flow of fresh and blood is supplied through all veins of body all day and night for years and totally make one keep alive. Of course, some blood is pumped back through veins. It can be explained that in practice a capillary distribution is practice by which a distribution center- a firm or an agency of it- proceeds to distribute goods and supply services and initials to carry on a non-stop, continuous and permanent flow of goods and services supplying.

A capillary distribution method is a notion that has been recently well noted thanks to an increased level of competition, increased number of rivals and larger varieties of similar and downstream products. Of course, as it is extraordinary and marvelously efficient, it is now used by many corporations and agencies. (Ihsani, 2008). Given this paraphrasing and considering the importance and need of having a physical distribution management, we can allege that the life of producer or a firm largely depends on its right distribution of products and this is inevitably true to all sectors of economy. The more a firm is successful in distributing goods or services, the more successful it will be in its other strategies. In the interim, a capillary distribution can work well as a new approach to the area of distribution. The reason is that customers always think about a greater welfare for their families.

Comparison of distribution channels

See Table. 1

Methodology

The statistical community of this research study consists of customers and experts. This study uses statistical models in two parts 1 and 2:

1. Statistical models from customers: as the volume of statistical community is high (some 10,000 supermarkets), the models were taken in a cluster form and in a systematically random way and the model bulk as obtained was 370.
2. A statistical model from corporation experts: as the volume of a statistical community of experts was limited, no model was taken but instead, the whole community was investigated the number of which was 15. This study was based under tools for collecting questionnaires on opinions poll. The total number of questions in a questionnaire for part 1 is 17 and 10 for part 2 the applications of which were to reviews the indicators that were included in research questions. The five choices scale of Lickert was used to answer the questions. Cronach's Alpha coefficient that validated a questionnaire is 86%. SPSS and F cell soft wares with extracted statistical indexes such as mean, standard deviation, median, exponent and etc. were used to analyze obtained data.

Discussion

1. The respondents believe that the procedure to receive orders from customers can be good if it is 74% as an average.
2. The respondents stated that the procedure to supply and distribute the products can be good if it is 66% as an average.
3. The respondents believe that the procedure to receive returned products is good if it is 41% as an average.
4. The respondents stated that the available procedures can as an average brings incentives to personnel if it is 53%.

Conclusion

This study reviewed procedures to carry out strategies as used by SHIR- e- Iran co.Ltd to distribute its products and tried to study accomplished formulated strategies to assess the effectiveness and efficiency of capillary distribution system or proceed to improve it. The result that has been obtained in this process is that the procedures in the corporation to carry into effect the available capillary distribution system can be good if it is only 64% as an average.

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Table.1

Whole sale distribution channel	Contracting firms distribution channel	Capillary distribution channel
<p>Advantages:</p> <ol style="list-style-type: none"> 1. Lower distribution costs. 2.increased profit margins of retailer 3.support many firms and distribution centers through these networks <p>Disadvantages:</p> <ol style="list-style-type: none"> 1. Goods sold much lower than their actual prices because they are dealt in for cash and for credit (goods are deemed debased) 2. Not control by firms of distribution procedures in Bazaar 3. Increased risk of repayment for goods sold 4. Establish by wholesale dealers pseudo-monopolistic networks in long term period. 5. Returned poor or new goods through dealing distributions network 	<p>Advantages:</p> <ol style="list-style-type: none"> 1.lower risks of goods sold 2.easy control of distribution network and courses of goods sold 3.well speedy transfer of goods to market 4.no difficulty due to large number of customers and order centers <p>Disadvantages:</p> <ol style="list-style-type: none"> 1.not control by a producing firm of distributor 2.producer is paralyzed if goods are not distributed by a distributing firm 3.problems arise if payment of money stopped or ceased by the distributor 4.not able to response on part of producer if dissatisfaction is shown to a distributor operation and performance 	<p>Advantages:</p> <ol style="list-style-type: none"> 1.extended distribution network and increased safe of goods and services 2.removed much more communication obstacles and more knowledge gained of end-users 3.stocks are much more left unused in stores by using due-in and due-out system 4.marketing promotion and distribution are kept integrated 5.carefully located fully and less consumer points 6. Considerably increased market share of producer. 7. increased level of customers' welfare by providing them with goods at the right time and right place <p>Disadvantages:</p> <ol style="list-style-type: none"> 1.hard management and coordination because of capillary distribution to some areas