

Internship Report

Distribution Channel in ACI-CB Ltd:

A brief study on Colgate toothpaste



ACI Limited

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This report is submitted to the School of Business and Economics, United International University as a partial requirement for the fulfillment of Bachelor of Business Administration Degree.



**UNITED
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UNIVERSITY**

Distribution Channel Strategies at theACI Ltd:

A Study on Colgate Toothpaste

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Date of Submission:

21-05-2018

Letter of Transmittal

Sarkar Rafij Ahmed Ratan

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Subject: Submission of internship report.

Dear Sir,

I would like to thank you for assigning me such kind of opportunity to research in this field which I can share in my future as an achievement. This report is based on Distribution Channel Strategies at the ACI Ltd: A Study on Colgate Toothpaste. It is made as a final requirement of Bachelor of Business Administration Degree (BBA). This task is really important for me where I practically apply my marketing knowledge and explore an important analysis on that topic. I have elaborated on my internship experience in ACI Limited. I have practically worked and observed their working patterns, management and other company activities in order to gain experience about the corporate environment. I have tried my label best to prepare the report on time and gather all the information from the short interviews, opinions and related materials. I would like to request you to excuse me any mistake that may occur in the report despite my best efforts. I would gladly answer all your queries.

I hope that it will be kind to accept my internship report.

Sincerely Yours,

Jubairur Rahman Mondol

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Supervisor's Certificate

This is to certify that Jubairur Rahman Mondol, ID: 111 131 050, BBA Program, Major in Marketing, School of Business & Economics, United International University (UIU) has completed the internship report on **“Distribution Channel Strategies at the ACI Ltd: A Study on Colgate Toothpaste”** successfully under my supervision and I have gone through the final draft of the report and approved it for submission.

I wish him every success in life.

Sarkar Rafij Ahmed Ratan

Assistant Professor

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Acknowledgements

First of all I pay a special thanks to my almighty Allah, for bestowing us the patience and courage to finish this huge task within its deadline.

Then I want to thank my academic supervisor, **Sarkar Rafij Ahmed Ratan** Sir for supervising and guiding me. He has counseled and inspired me greatly to work in this report. His willingness motivated me to contribute tremendously to our report.

Besides, I am exceedingly thankful to my Brand Manager of Consumer brands at ACI Bangladesh Ltd, NUSRAT OMER for assisting me in every day to day activity that brought out my inner potentiality. She provided me with all the necessary information and documents that was required to prepare this report.

Moreover, I am also thankful to my fellow colleagues at ACI Bangladesh Limited who supported me in thick and thin and made me feel at home and communicated practical advice which helped me carry on my duty as an intern. Without co-operation and support from each other it would not be possible to do all the duties.

Finally, I would like to take the opportunity to thank my family and friends who helped me directly and indirectly while making the report.

Without helps of the particulars mentioned above, we would have faced many difficulties while doing the report.

Executive Summary

The concern of this report is the Distribution Channel Strategies management of **ACI Ltd.** The main purpose of the report was to elaborate the Distribution Channel Strategies at the ACI Ltd: A Study on Colgate Toothpaste.

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

The **partners** who include in distribution systems are wholesalers, retailers, and distributors. In this REPORT researcher includes the distribution strategy of ACI, also the controlling and maintaining process of the ACI Ltd. The **competitor's strategies** and **retailer's feedback** are analyzed to understand the distribution strategy for the Colgate toothpaste. In this study researcher conducted retailer's survey to analyze market gaps and based on that a fair recommendation has been provided to develop better distribution channel for ACI Ltd.

Special focus was concentrated on the activities and processes directly or indirectly related to the Distribution Channel of ACI Ltd. This study completed by using both primary and secondary data and relevant analyses were presented accordingly. Using the collected data and analyzing them, researcher organized findings followed with a set of recommendations for ACI Ltd on the basis of **Colgate Toothpaste**.

This study has come up with the valid explanations for the results and useful recommendation.

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CHAPTER ONE

Introduction

1 Introduction

As a student of bachelor of business administration, we have need practical knowledge before completing our graduation. An internship period is a real life work experience offered by an employer to exposure to the working environment, often within a specific industry, which relates to business field of study. This practical knowledge section is called internship program which one I have completed from ACI Limited Company. It was a great experience as a business student to learn practically from finance, human resource and marketing department.

As I was in marketing department, I have learned about consumer behavior and work on some projects practically. In this report I have concentrated on my topic **“Distribution Channel Strategies at the ACI Ltd: A Study on Colgate Toothpaste.”**

1.1 Motivation of the study

This report is done as a part of my BBA program. The report is on, “Comparative Study of Distribution Channel Strategies of ACI on Consumer Brands (Colgate Toothpaste)” based on the organization of ACI Ltd.

1.2 Objectives of the Study

The research will be aimed at fulfilling the following objectives-

- To get an organizational over view of ACI Limited
- To provide theoretical Knowledge of Administration Department
- To determine the impact of strong brand image and Distribution Channel activity on consumer 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 ACI on Consumer Brands to fulfill the company's goal.
- To develop an understanding of the Distribution Channel of ACI on Consumer Brands.
- To summarize the overall analysis

1.3 Methodology of the Study

This is a descriptive report and this report is prepared with full of relevant qualitative and quantitative data. 50% of the data are primary and less are secondary data in this research report and this information was collected from the corporate office of ACI Limited and though several market visits by the researcher.

1.3.1 Primary Sources

- Key informant interview (KII) of researcher and officer.
- Relevant field visit with the concern of the respective supervisor.
- KII of retailer and consumer.

1.3.2 Secondary Sources

- Webpage's
- ACI website

1.4 Sample and Measurement for the Study

The main sample of this research is the retailers of the Dhaka city. The supervisor of ACI provided the retailer list where most of the retail shops were located in the local market of

Dhaka. This report also provides the retail market condition of ACI. The market area list is given below:

Table 1: Market area list

Name of Market/Beat	Number of Shops
Uttara Sector 11 East	25
Uttara Sector 11,12 West	30
Uttara Gaosol Azom, Sec-12 ,13	20
Bashaundhara & Joarsahara	50
Kuril, Notun Bazar -1, Nikunjo-1 & Khilkhat 2	80
Sheker Tek, Shukrabad, Ajimpur & Polashi	70
Moymonshig Road, Gazipur Chworasta, Joydeb pur & Raj Bari	70
Maradia & Bonosree-1	40
Gulshan-1	25
Total Shops Visit	<u>410</u>

To understand the distribution strategy, here I followed observation method. Basically I observed the retailer and consumer feedback and according to this feedback, I have written this report.

1.5 Limitations:

Because of the following limitations this study has ignored several aspects. The notable limitations of the study include the following:

- Time frame for the research is limited. The adoption to the organization takes a lot of time.
- Detailed research was not possible due to constraints and restrictions posed by the organization.
- Lack of Confidential data
- The report was written from an individual's perception. So, all the findings might not be objective.
- Getting relevant papers and documents have been extremely difficult.
- The management seems to get woks out of the intern rather than helping in the academic pursuit.

1.6 The Importance of Study of Distribution Channel Strategies

For a producers or manufacturers distribution channels is the most important fact that traders need to include their products into their stores. To development and innovation of the distribution channels many producers/manufacturers observe certain types of trading companies, trading business units and use them

For a national economy the distribution channel is the important activities of its business operators on any market, domestic or foreign.

Now a day's physical distribution and physical distribution management for betterment new types of distribution channels occur due to new forms. It is very important to make a relationship between physical distribution management and concentration, since only large economic operators have the opportunity to introduce technological innovations. This is why they can exploit favorable opportunities in economically underdeveloped countries by finding new locations, and thus find consumers under their own terms: (a) using the economies of scale and market power (b) Taking over favorable logistic and distributional locations.

1.7 Organization of the remaining chapters

In this report remaining parts divided by two chapters. In chapter two overview of the ACI which is included Company Background, Company Mission, Company Vision, Company Values, Company Profile, Company Profile, Strategic Business Units (SBU's), Departments of ACI, Industry Perspectives and other information about ACI which is available for report. Literature Review and Theoretical framework about Distribution Channel Strategies are given into this chapter. In third chapter included with Population and Sample for the Study, Measurement and Data Analysis, Findings, recommendations and Conclusion.

CHAPTER TWO

Company Overview

2 Company Background and Industry Perspectives

ACI has become one of the leading local companies in Bangladesh. ACI inherited the rich culture of product quality, customer service and social responsibility. They believe in providing the best quality products.

The main focus of ACI is Customer satisfaction. To maintain the fairness of the business ACI Ltd take immediate actions to do the right thing which is fair to other peoples.

2.1 Company Background

ICI Bangladesh Manufacturers Limited was a subsidiary of world renowned multinational ICI Plc and was a listed public limited company under Dhaka Stock Exchange. In 1992 ICI Plc divested its shareholding through a management buyout and the company name was changed from ICI Bangladesh Manufacturers Limited to Advanced Chemical Industries (ACI) Limited. ACI Formulations Limited, a subsidiary of ACI, became a public listed company through direct listing and ACI Limited stands for the name “Advanced Chemical Industries limited” which refers that they started their business with Pharmaceutical goods. After that they spread different brunches of product lines within their operation.

Advanced Chemical Industries (ACI) Limited is one of the leading local conglomerates in Bangladesh, with a multinational heritage.

The company has diversified into three major Strategic Business Units (SBU’s), which are, Healthcare, Consumer Brands and Agribusiness.

2.2 Company Profile

The Company Profile is mentioned below:

Table 2: Company Profile

Company Name	Advanced Chemical Industries Limited
Nature of Business	Manufacturing, Processing, Retail, Service
Managing Director	Dr. ArifDowla
Address	ACI Center, 245 Tejgaon Industrial Area, Dhaka 1208
Phone	880 2 887 8603
Fax	880 2 8878619 & 8878626
Email	info@aci-bd.com

2.3 Mission

ACI's mission is to enrich the quality of life of people through responsible application of knowledge, skills and technology. ACI is committed to the pursuit of excellence through world-class products, innovative processes and empowered employees to provide the highest level of satisfaction to its customers.

2.4 Company Vision

To realize the mission ACI will:

- Endeavor to attain a position of leadership in each category of its businesses.
- Attain a high level of productivity in all its operations through effective and efficient use of resources, adoption of appropriate technology and alignment with our core competencies.
- Develop its employees by encouraging empowerment and rewarding innovation.
- Promote an environment for learning and personal growth of its employees.
- Provide products and services of high and consistent quality, ensuring value for money to its customers.

2.5 Company Values

- Quality
- Customer Focus
- Fairness
- Transparency
- Continuous Improvement
- Innovation

2.6 The Management Committee and Board of Directors

The Management Committee of ACI Ltd. Are given following table:

Table 3: The management committee

Dr. ArifDowla	Managing Director
Dr. F H Ansarey	Executive Director, Agribusinesses
Mr. Syed Alamgir	Executive Director, Consumer Brands

Mr. M. MohibuzZaman	Chief Operating Officer, Pharmaceuticals
Mr. PradipKarChowdhury	Executive Director, Finance and Planning
Mr. SabbirHasanNasir	Executive Director, Logistics
Mr. PriyatoshDatta	Director, Quality Assurance, Pharma
Mr. AbdusSadeque	Director, Marketing & Sales, Pharma
Ms. Sheema Abed Rahman	Director, Corporate Affairs
Mr. Md. MonirHossain Khan	Financial Controller
Mr. Imam Ahmed Istiak	Director, Operations, Pharma

The Board of Directors of ACI Ltd. Are given following table:

Table 4: The board of directors

Mr. M. AnisUdDowla	Chairman
Dr. ArifDowla	Managing Director
Mr. WaliurRahmanBhuiyan,OBE	Director
Mr. GolamMainuddin	Director
Mr. Md. Fayekuzzaman	Director
Mrs. NajmaDowla	Director
Ms. ShusmitaAnis	Director
Mr. Abdul MueyedChowdhury	Director
Mr. Juned Ahmed Choudhury	Director
Ms. Sheema Abed Rahman	Director

2.7 Support Activities

Basically, strategic business unit and joint venture are operated individually but both are strongly controlled by ACI Center. ACI Center (ACI Headquarter) is the in charge of HR, Financing and planning and Commercial exercises, Training and development, Distribution and MIS. To managing the whole operation, the assisting functions fall under a key segment:



Figure 1: Support activities of ACI

2.8 Strategic Business Units

- Pharmaceuticals.
- Consumer Brands.
- Agro Business.
- Crop Care Public Health.
- Animal Health.
- Seeds.

The company has also diversified into three major Strategic Business Units (SBU's), which are, Healthcare, Consumer Brands and Agribusiness.

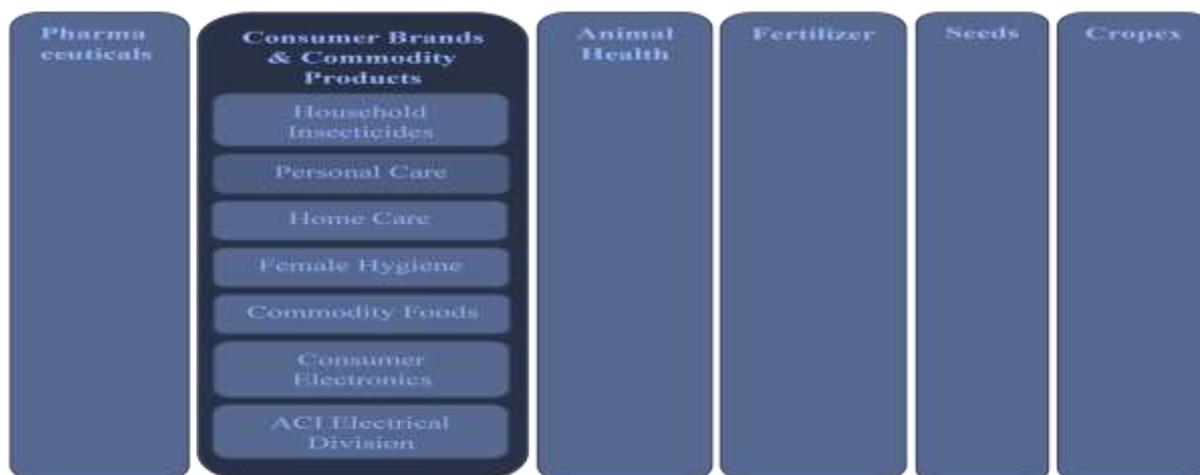


Figure 2: Strategic business units of ACI

2.9 Company Policies

➤ Quality Policy

ACI's mission is to achieve business excellence through quality by understanding, accepting, meeting and exceeding customer expectations. For maintain the Quality Management System, ACI follows International Standards to ensure consistent quality of products and services to achieve customer satisfaction. ACI also meets all national regulatory requirements relating to its current businesses and ensures that current Good Manufacturing Practices (cGMP) as recommended by World Health Organization is followed for its pharmaceutical operations



The management of ACI commits itself to provide better quality as the prime consideration in their business decisions. The employees of ACI must follow documented procedures to ensure compliance with quality standards which is set by the management.

Environmental Policy

ACI is committed to maintain the harmonious balance of our eco-system and therefore constantly seeks ways to manufacture and produce products in an eco-friendly manner so that the balance of nature remains undisturbed and the environment remains sustainable. In pursuit of this goal, ACI will

- Comply fully with all local and national environmental regulations.

- Conserve natural resources like water and energy for sustainable development, and adopt environmentally safe processes.
- Ensure appropriate communication and cooperate with internal and external interested parties on environmental issues.



2.10 Global Compact Endorsement

The ACI group has consistently demonstrated its commitment towards its employees and the environment over the years. It has been recognized as the practitioner and promoter of socially responsible business behavior. To take this commitment even further, ACI has endorsed the Principles of Global Compact on August 18, 2003. The Global Compact is a remarkable initiative sponsored by the United Nations Secretary General Kofi Annan. It is based on a very simple notion: whether or not required by law, corporations should enforce basic human rights and accepted labor and environmental standards in all their business activities, to counterbalance possible negative effects of globalization

Human Rights: To support and respect International Human Rights within the company's sphere of influence for the employs ACI make sure that their own corporations are not complicit with Human Rights Violation.

- **Labor:** To end discrimination in the workplace for their workers. Abolition of child labor in their work place. They give the right to their workers and employers collective bargaining and recognition for their freedom of association. They eliminate the use of forced and compulsory labor.
- **Anti-Corruption:** ACI Ltd. work against all forms of corruption, including extortion and bribery to maintain the global Compact Endorsement.

2.11 Strategic Business Units (SBU's)

2.11.1 Consumer Brands & Commodity Products

- Household Insecticides
- Antiseptic & Personal Care
- Home Care

- Female Hygiene
- Commodity Foods
- ACI Consumer Electronics
- ACI Electrical Division

2.11.2 Agribusiness

- Crop Care Public Health
- Livestock & Fisheries
- Fertilizer
- Cropex
- Seeds
- Motors

2.11.3 Subsidiaries

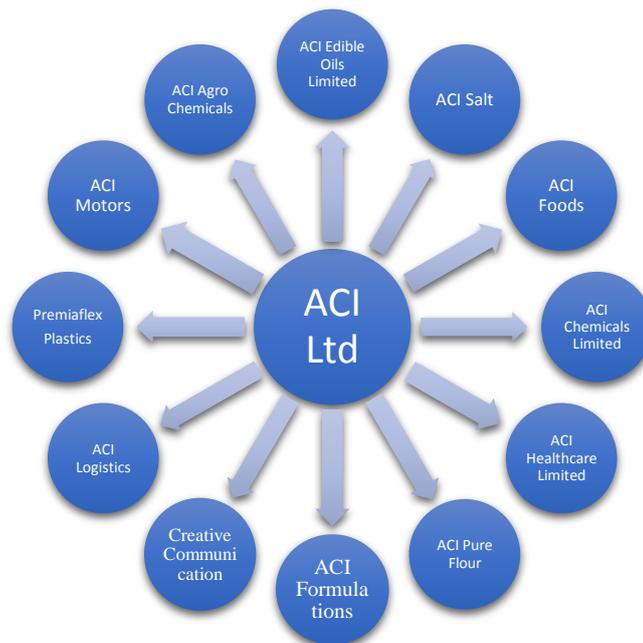


Figure 3: Subsidiaries of ACI

2.11.4 Joint Ventures

- ACI Godrej Agrovvet Private Limited
- Tetley ACI (Bangladesh) Limited
- Asian Consumer Care (Pvt) Limited

2.12 Pharmaceuticals

ACI is renowned British Multinational in providing the people of Bangladesh with quality medicines and healthcare products. With world class manufacturing facility of ACI pharmaceutical plant represents Bangladesh's. ACI's rich heritage leads to innovative and higher value added formulations of their pharmaceutical.

The comprehensive product range of ACI pharmaceuticals include products from all major therapeutic classes and in various dosage forms like tablet, capsule, dry powder, liquid, cream, gel, ointment, ophthalmic and injectable. It produces world class Modified Release drug and medicine to cater the requirement of pharmaceutical manufacturer of domestic and international market

2.13 Consumer Brands

In 1995 ACI Consumer Brands was initiated with two major brands of the company – ACI Aerosol and Savlon. These two prestigious products have the leadership position in the market. The division started to take new businesses through off shore trading as well as local manufacturing. In this process ACI Consumer Brands launched many new products and also bonded with Joint Venture business relationships with 'Dabur India' and 'Tetley UK' and attained international alliances with world renowned companies. ACI Aerosol, Savlon, ACI Mosquito Coil & ACI Pure Spices and Flour market leading brand with close to 80% market share in own categories.

ACI Consumer Brands is also successfully serving the consumer demand for foreign products in household and personal care category with the world renowned product range of Colgate, Nivea & Dabur. With the proper distribution and marketing by ACI consumer brands.

The Consumer Brands believe this is the best way to benefit the consumers, people and the shareholders of ACI. ACI Consumer Brands Strategic Business Unit is headed by the Managing Director, Mr. Syed Alamgir. Mr. Alamgir is regarded as an authoritarian personality in the area of Sales and Marketing in Bangladesh market. His track record has many successful brands which reached leadership position in different categories in FMCG

market. He is supported by competent group of professionals working in the Marketing and Sales operations.

2.14 Agribusiness

ACI Agribusiness is the largest integrator in Bangladesh in Agriculture, Livestock and Fisheries and deals with Crop Protection, Seed, and Fertilizer, Agaric machineries, and Animal Health products. These businesses have glorified presence in Bangladesh. CC & PH supplies crop protection chemicals, Seed supplies Hybrid Rice, vegetable and Maize seeds, Fertilizer Supplies Micronutrient and Foulter fertilizer, Agaric machineries supplies Tractors, Power Tiller and Harvester and Animal Health supplies high quality Nutritional, Veterinary and Poultry medicines and vaccines. ACI provides solution to the farmers through a large team of scientists & skilled professionals.

2.15 Departments of ACI

- **Administration department**

Administration department specially work to maintain friendly environment through proper monitoring with the company policy.

- **Finance and planning**

The Finance and Planning function of ACI Ltd. is the nerve center of the conglomerate. The major areas of its activities include:

- Corporate Finance
- Treasury
- Insurance and risk management
- Costing
- Credit Management
- Accounts payable management
- General accounting
- Taxation
- New business management

- **Commercial department**

- Commercial department of ACI ensure all RM & PM to run smooth business.
- Also maintain a good liaison with the customer both national and international.

- **MIS department**

- MIS department of ACI ensures the overall IT related supports for the company.
- Manages a smooth operation of software's, hardware trouble shooting and business databases related to sales and inventory.

- **Distribution department**

- The Company maintains strategically located sales centers in nineteen different locations across the country.
- Distribution system through it's more than 300 skilled and trained manpower and a large fleet over eighty vehicles.
- Capable of maintaining a cold chain for vaccines and insulin.

- **Training department**

Training activity of ACI is to build up for all members of ACI family through the training, skill development, and workshop.

- **HR department**

- HR Policies and procedures for Recruitment & Selection, Manpower Planning and succession planning.
- The combination of qualitative aspects and Balanced Score Card for performance appraisal.
- Policies regarding car loan, gratuity, provident fund and hospitalization. We offer performance bonus, leave fare assistance, festival bonus and workers profit participation fund during different times within a year.
- ACI is a place to learn, grow and contribute for improving the quality of life of people.

2.16 Industry Perspectives

Considering FMCG Industry in Bangladesh, ACI is the pioneer company in Bangladesh in almost every sector. ACI currently has more than 125 products and many of the goods are marketed abroad. Export helps to increase the amount of foreign currency and ultimately it will boost the economy in Bangladesh. Though all other FMCG companies are contributing a lot, ACI has an edge as this company is one of the biggest groups of company in Bangladesh. ACI is the pioneer and superstar for the other company as well; they can learn a lot of things from ACI in both management practice and manufacturing sectors. There is no benchmark or ranking currently available in Bangladesh to compare the company's performance but it could be easily recognize that ACI has been in the top for many years. After all a company like ACI is must for a developing country like Bangladesh.

Last 44 years, ACI has provided the people of Bangladesh countless necessary products every day. They promised best quality products in the cheapest price possible and so far, they have kept their words. This is why the people of Bangladesh love the ACI Group of Companies and all their products

ACI Salt factory is currently the largest factory in Vacuum Salt industry of Bangladesh with highest production capacity. ACI Pure Salt is processed through the true Cutting Edge Technology of Switzerland, the most modern vacuum evaporation system which ensures 100% pure, crystal white, properly iodized and free flowing edible salt. Its high quality food grade, multilayer laminated packaging ensures the iodine contents to remain active for longer period and at the same time protects the salt from moisture or any impurities.

Global Recognition

The global recognition for its excellent packaging design received by ACI Pure Salt through the book, "Pack Your Life" volume 3. This book is published with all the top ranking packet design from all over the world.

Best Brand Award

In 2015 'Best Brand Award 2015', ACI Pure Salt has been awarded in the Salt Category. This evaluation was done by Millward Brown, a world renowned research firm through extensive qualitative and quantitative research across all consumers countrywide. In 2008, ACI Pure Salt received Best Brand Award across all food and beverage category. ACI Pure Salt continued to receive the award of Best Brand when Salt was made a separate category in 2011, 2013, 2014, and 2015.

Chapter 3

Literature Review

3 Literature Review

For a company Marketing Channel decisions are the most critical decision.

Marketing Channel decisions are the most critical decision for a company. If one considers major strategy of the marketing mix (product, price, promotion and distribution), the greatest potential for achieving a competitive advantage form other companies.

In the past, distribution channel focused on the functions performed by a distribution system, it's associated with utility all these functions and overall system of a distribution channel. However, gradually it is changing and viewed as the set of interdependent organizations involved in the process of making goods or service to consume or use. This institutional perspective pays more attention to its relative members like wholesaler, distributors, retailers etc.

The concept of distribution refers to where and how a product or service are to be delivered to sell, all the essential mechanism and logistical support for the transfer of foods and service to its customer. A successful marketing channel ensures that a desired product is distributed in a desired amount to a desired channel to satisfy customers.

Nowadays, marketing channel ensures global environment where serving their product and service. In today's world marketing channel structure and strategy must be formulated based on globalization. Every organization must follow basic code regarding to globalization in distribution policy.

3.1 Job Responsibilities

3.1.1 Nature of the Job

I joined ACI Consumer Brand as an intern on 17 September, 2017 and my core brand was Colgate. I also observed Equal-Canderal brand. I have to do the regular office work from 8.30 AM to 6.00 PM, 5 days a week. Also, I learned basic official assignment. In this short time, I acquired the corporate culture of ACI. Maintaining a good relationship with supervisors, line managers and the Directors as well as others internee mate. We would like to help each other and establishing a perfect corporate environment. Along with this, my core job responsibility was to survey Colgate market. To do my job, I have to collect the name of the retail shop and survey there associated with sales representative. After that I documented all the data and submitted to my supervisor. Moreover, I was assigned several works regarding Colgate's branding. I got opportunity to work with very talented person at office which will leave a great impact in my future career.

3.1.2 Different Aspects of Job performance

I accomplished several different tasks in my internship period. Furthermore, the major jobs I performed are given below:

- 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 ACI 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 Colgate. 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.

3.1.3 Market Visit Report during Internship Period

During my internship at ACI, I am visit many market to understand the market situation and the 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 CDC 100gm and CDC 50gm.

➤ **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 CDC 100gm, CDC 50gm, MF BG 150gm and MF RG 150gm

➤ **Beat UttaraGaosolAzom, 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. They are mostly prefer CDC 100gm, CDC 50gm, CDC 50gm and HTP 100gm

➤ **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 Colgate
- In here they also don't store Colgate toothbrush because of the price of Colgate original toothbrush is higher than china's product.

➤ **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 Colgate toothbrush because of the price of Colgate original toothbrush is higher than china's product.

➤ **Beat ShekerTek, 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 colgate
- In ajimpur area store owners purchase colgate from the chakbazar because there they find more discount than ACI

➤ **Beat Moymonshig Road, GazipurChworasta, 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 Colgate

➤ **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 like to store Colgate.

➤ **Beat Gulshan-1**



In this area most of the store are large so that they have that much capability to purchase more than 3 to 5 individual items. They store all type of Colgate items. So we need to give more focus on this area. Because in this area we can easily increase our market share.

3.1.4 Photos of Market Visits for Colgate

During my internship at ACI, I visited many market to understand the market situation and submitted the overview report to my supervisor.

Here I am giving my market visit Photos for the Colgate in different places of Dhaka city.

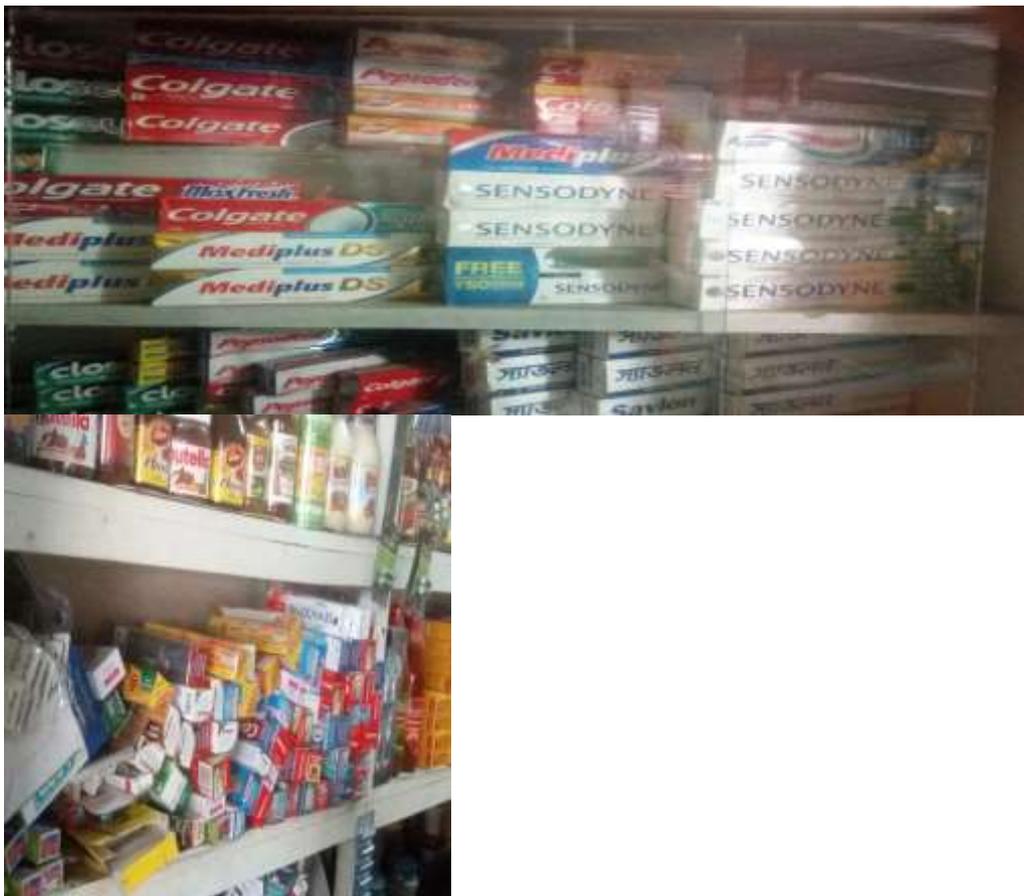




Figure 4: Photos of market visit of colget

3.2 Model used in Distribution Channel

A distribution channel is a chain of businesses or intermediaries through which a good or service 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"

3.2.1 Types of Distribution Channels:

There are two types of distribution channel:

- (1) Direct Channel
- (2) Indirect Channel.

3.2.1.1 Direct Channel:

When the manufacturer takes approaches to sell 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

3.2.1.2 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.

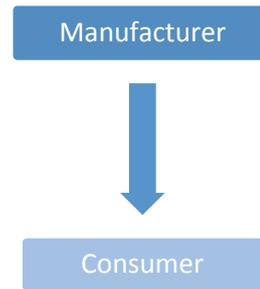


Figure 5: Direct distribution

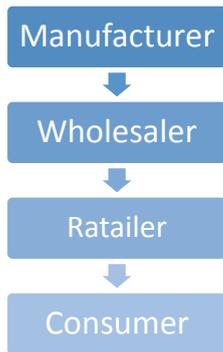


Figure 6: Indirect distribution

3.2.2 Formulating Distribution Strategy

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

ACI-Colgate formulates a smooth and effective distribution strategy where they follow both Push and Pull Strategy.

Push Strategy:

Push strategy means that where manufacturer focuses their marketing effort on promoting their product to the next party in distribution chain (retailer or wholesaler). In ACI they use push strategy for retailers to convincing them to stock ACI’s product. Also, ACI conducts various promotional activities to connect with the retailers. Mostly, ACI provides Colgate to retailer and retailer sells it to customer.

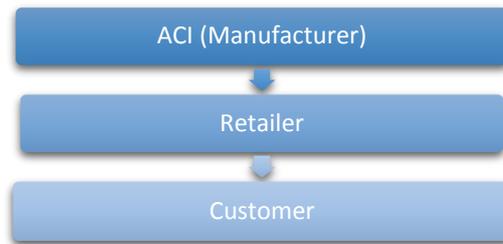


Figure 8: Push strategy

ACI-Colgate 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.

Pull Strategy:

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

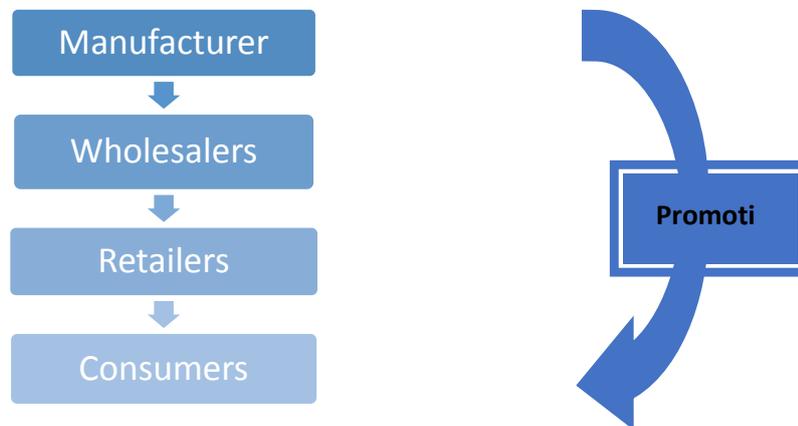


Figure 9: Pull strategy

ACI Colgate uses several promotional mixes to create demand in the market:

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

3.2.3 Controlling and maintaining the distribution chain in ACI

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



Figure 10: Distribution network of ACI

3.2.4 How ACI maintains the process

ACI divided the country in different zone which is maintained by ZSM. Within this zone there are 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 are responsible to sell the product to retailer.

3.2.4.1 Responsibility of SP and GP team

SP (Special Product) and GP (General Product) teams are mostly responsible to distribute the product through SR (Sales Representative). The products belong to them:

SP Team:

Colgate Active Salt, Colgate Total, Colgate Visible white, kids, toothbrush, mouthwash.

GP Team:

Colgate CDC, Colgate Herbal, Max Fresh, Sensitive org and Sensitive Relief.



Figure 11: Colgate category

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, this miscommunication is happened in the market.

3.2.4.2 Responsibility of ZSM and ASM

ZSM and ASM are the most important persons who lead the team strategically. They set the strategy 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 period they evaluate the sales volume and take further decision accordingly.

3.2.4.3 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 their products to retailers. If retailers need those products, he gives order to him. Also, SR presents trade offer (it trade offer is available) to retailer like “Buy 12 get 2 free”. Beside this, 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 noticeable that 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.

3.2.4.4 Responsibility of Delivery Sales Representative (DSR)

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

It is important to deliver the product in time. Sometimes, the retailers need to stock product based 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.

CHAPTER FOUR

Analysis Findings

&

Conclusion

4 Analysis Findings

In this section I will discuss about the analysis findings.

4.1 Data collection Procedures& Analysis

I visited and talked with the every retailers to understand the strategy and collect data I also tried to find the problems and their expectation about colget. Finally I have categorized the shops in three ways:

- **Category A-** These outlets are financially well enough to stock more products. They have hard cash in hand and have the ability to buy more.
- **Category B-** These category shops are moderately good. They also stock product more and buy the products weekly basis.
- **Category C-** Category C shops are not good financially. They are not interested to stock more. They just buy the product and sell it.

Here is some basic topics which I discussed with them:

- What things influence customers or retailers think and feel about Colgate product.
- What motivates a customer's /retailers choose between different products or suppliers.
- How Colgate product branding, design and packaging influence customers
- How decision-making process of retailers influence by price.
- What factors work for retailers/customers to demand for a new/old product or service?

4.2 Discussion

According to Obaji (2011), marketing channel decision is the most critical decision in the management. He believes if the company wants to achieve competitive advantages, he/she must focus on distribution.

ACI Colgate is the international brand in which distribution is considered to be important and gives more attention to it. They survey constantly to observe the market, its gaps, and problems lying on retailers and consumer behavior also.

To know the current market situation retailers feedback was taken. Also, the market gaps, reason behind decreasing sales volume and others information related was needed. By conducting retailers' survey lots of valuable information extracted from the market as well as retailers necessity.

4.3 Finding Gaps in the Market based on market observation

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

1. **Pricing conflicts:** There are multiple channel of distribution and sometimes retailers can purchase in a low price from Moulovibazar(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 andSP who are responsible to get orders. However, product is different based on team and sometimes, retailers demand the product to SR that does not belong to their team causes misunderstanding between SR and retailers. So the availability in the market reduces.
5. **Lack of branding about Colgate:** In India it is said that, Colgate is the number 1 toothpaste but here in Bangladesh the business growth is not so good. Lack of brand awareness is one of the reasons of it.

4.4 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. ACI should take some steps to improve their section:

1. **Minimize pricing conflicts:** As, ACI 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, ACI 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 ACI 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, ACI should discuss more and more gradually to develop strategy. Moreover, by doing this kind of activity ACI 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:** ACI-Colgate must keep their product available. They should maintain their whole distribution chain properly and keep it smooth to meet the desire of the customers.

4.5 Conclusion

ACI is the most prominent and trustable organizations in Bangladesh and it are operating from 1968. From the very first time, they are fulfilling customers' needs and building a sustainable relationship. Its product quality is very good. Now, ACI Consumer Brands are the most efficient name to serve its ultimate users. They are also very popular brand in our country. According to the consequence of the survey, ACI must take proper action as soon as possible. Furthermore, it will help them to create an effective strategy and fight back to the ground. By doing this kind of research work they ensure their quality and better service. They are very careful about their customer and company culture. That's why their business growth is also very high.

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