

# A STUDY ON EVALUATION OF DISTRIBUTION CHANNEL PERFORMANCE

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**Abstract:** This study explores the performance evaluation of distribution channels within a manufacturing context, focusing on both operational efficiency and customer satisfaction. As manufacturing processes evolve, integrating digital and traditional distribution strategies has become vital for maintaining competitiveness. The research examines how distribution mechanisms influence product delivery, operational costs, and service quality, thereby impacting overall organizational effectiveness. Emphasis is placed on understanding the integration of omnichannel models and their role in enhancing market reach.

The research methodology includes the analysis of internal distribution processes to identify inefficiencies, delays, and geographic challenges. Data collection involves both primary and secondary sources to assess how distribution performance correlates with customer experiences. The study also investigates the influence of consumer behavior on channel preferences, highlighting the growing need for businesses to adapt distribution methods in response to shifting market demands. Additionally, it addresses internal organizational conflicts that arise during channel management and how these affect strategic decision-making.

Key findings suggest that optimizing distribution networks through digital transformation and internal alignment significantly improves efficiency, customer satisfaction, and market adaptability. The study recommends that organizations invest in integrated distribution models, enhance their decision-making processes, and prioritize consumer-driven strategies to ensure long-term sustainability and profitability. These insights contribute to a broader understanding of how businesses can refine their distribution frameworks to achieve a competitive advantage in an increasingly dynamic global market.

**Keywords:** Distribution Channel Performance, Customer Satisfaction, Service Quality, Manufacturing Sector, Process Improvement

## I. INTRODUCTION

The manufacturing industry plays a crucial role in transforming raw materials into finished goods through a combination of skilled labor, advanced machinery, and innovative processes. As manufacturing continues to evolve, distribution channels have become a vital component in ensuring that products reach consumers efficiently and cost-effectively. An effective distribution system not only enhances operational performance but also strengthens the company's market presence and customer relationships.

In recent years, the rapid advancement of technology and the rise of digital platforms have significantly influenced the way distribution channels operate. Traditional methods are increasingly integrated with digital solutions to create omnichannel strategies that cater to diverse consumer preferences. Understanding and optimizing these distribution networks is essential for businesses to maintain competitiveness, minimize costs, and maximize customer satisfaction in a dynamic global marketplace.

This study aims to evaluate the performance of distribution channels within a manufacturing environment, focusing on identifying operational inefficiencies, assessing the impact on customer experiences, and analyzing how geographic factors influence distribution effectiveness. By addressing these areas, the research provides strategic insights for businesses seeking to enhance their distribution frameworks, resolve internal conflicts, and align with evolving market demands.

## **STATEMENT OF THE PROBLEM**

Despite the critical importance of distribution channels in achieving business success, many organizations continue to face challenges related to inefficiencies, rising operational costs, and delays in product delivery. Moreover, the integration of traditional and digital distribution models remains complex, often leading to internal disagreements that hinder strategic execution. While companies recognize the need to adopt omnichannel strategies, there is still limited understanding of how consumer behavior influences channel selection and overall distribution effectiveness. These challenges highlight the need for a comprehensive evaluation of distribution channel performance to ensure long-term sustainability, improved customer satisfaction, and enhanced market competitiveness.

## **OBJECTIVES**

- To evaluate how well the current distribution channels operate in terms of cost.
- To analyze any inefficiencies, delays or obstacles in the distribution process.
- To understand how distribution performance affects customer experience and satisfaction .
- To examine how geographical factors affect distribution performance

## **II. REVIEW OF LITERATURE**

The importance of effective distribution channels has been widely discussed by various researchers, offering valuable insights into business performance and supply chain optimization. Mariyono et al. (2020) explored distribution channels in Indonesia's vegetable industry, emphasizing that efficient logistics and the role of intermediaries significantly enhance business success, particularly for perishable goods. Shi et al. (2020) analyzed channel selection in remanufacturing industries, finding that resolving internal conflicts improves operational efficiency and supply chain outcomes. Chu et al. (2007) compared direct and indirect distribution methods in the personal computer industry, concluding that selecting the appropriate channel maximizes a manufacturer's economic benefits. Kuswanto et al. (2012) examined how SMEs grow through innovative distribution models, stressing that digital transformation and third-party logistics significantly broaden market access and drive performance.

Bui and Nguyen (2021) studied FDI enterprises, revealing that strategic decisions in channel management are critical for optimizing supply chains and maintaining a competitive advantage. Van Bruggen et al. (2005) highlighted that strong distribution performance fosters trust between buyers and sellers, with efficient logistics and inventory management playing essential roles in sustaining long-term business relationships. Mehta et al. (2002) identified sales managers as pivotal players in the success of distribution strategies, linking leadership strength directly to channel performance. Gundlach et al. (2006) addressed the transformative effects of digitalization across supply chain functions, showing how the integration of logistics, marketing, and procurement is reshaping traditional distribution models. Kozlenkova et al. (2015) underlined the importance of marketing channels within supply chains, noting that strategic distribution planning strengthens product positioning and enhances overall business success. Overall, the reviewed studies highlight common themes: the critical role of internal decision-making, the growing impact of digitalization, the need for effective leadership in channel management, and the influence of innovative distribution strategies on market expansion and sustainability.

## **RESEARCH GAP**

Despite the growing significance of digital transformation, there is a limited understanding of how businesses can effectively integrate online and offline distribution channels. While e-commerce and traditional retail operate concurrently, research on optimizing omnichannel strategies remains insufficient. Additionally, most existing studies prioritize operational efficiency over consumer behavior in channel selection. There is a need to explore how customer preferences influence distribution effectiveness to help businesses align their strategies with market demand.

Furthermore, while distribution innovations are often analyzed for their short-term benefits, there is inadequate research on their long-term sustainability and profitability. Understanding the extended impact of evolving distribution strategies is crucial for informed decision-making. Another critical gap exists in the study of internal organizational conflicts related to channel management. Most research focuses on external distribution challenges but overlooks internal disagreements between departments that influence strategic choices. Addressing these research gaps will provide valuable insights into the integration of digital and traditional distribution channels, ensuring businesses can develop more effective omnichannel strategies. A deeper understanding of consumer behavior in channel selection will help companies align their distribution approaches with market demand, enhancing overall efficiency and customer satisfaction. Additionally, studying the long-term impact of distribution innovations and internal organizational conflicts will contribute to more sustainable and strategic decision-making. By filling these gaps, future research can support businesses in optimizing their distribution models and improving competitiveness in an evolving market landscape.

### **III. RESEARCH METHODOLOGY**

#### **RESEARCH DESIGN**

A descriptive research design was adopted , using structured surveys to measure preceptions numerically

#### **SAMPLING TECHNIQUE**

A convenience sampling technique was utilized. This approach involved selecting participants who were readily available and willing to provide relevant information, making the data collection process more efficient.

#### **DATA COLLECTION**

- Instrument : structured questionnaire
- Format : Likert scale

#### **DATA ANALYSIS**

- Software : SPSS
- Tests :
  - Chi square
  - Correlation
  - Anova
  - Regression

#### **RESULT :**

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	243.383 <sup>a</sup>	16	.000
Likelihood Ratio	27.879	16	.033
Linear-by-Linear Association	5.556	1	.018
N of Valid Cases	218		

a. 19 cells (76.0%) have expected count less than 5. The minimum expected count is .00.

#### **Statement :**

The objective is to examine whether there is a statistically significant association between two categorical variables in a dataset consisting of 218 valid cases. The Chi-Square test is used to determine if the observed frequencies differ from expected frequencies under the assumption of independence.

#### **VARIABLES :**

- 1.Educational Qualification
2. The company's distribution goals are clearly defined and well-communicated

#### **Hypotheses :**

- Null Hypothesis ( $H_0$ ): There is no association between the two categorical variables. They are independent.
- Alternative Hypothesis ( $H_1$ ): There is a significant association between the two categorical variables. They are not independent.

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#### **Interpretation :**

- Pearson Chi-Square Value: 243.383
- Degrees of Freedom (df): 16
- Asymptotic Significance (p-value): .000

Since the p-value for the Pearson Chi-Square test is less than 0.05 (actually, it's 0.000), we reject the null hypothesis.

#### **Result**

There is a statistically significant association between the two categorical variables ( $p < .001$ ). Therefore, the null hypothesis is rejected in favor of the alternative hypothesis, indicating dependence between the variables.

**Correlations**

		Gender	How satisfied are you with the overall performance of the company
Gender	Pearson Correlation	1	-.001
	Sig. (2-tailed)		.989
	N	218	218
How satisfied are you with the overall performance of the company	Pearson Correlation	-.001	1
	Sig. (2-tailed)	.989	
	N	218	218

Statement :

The goal is to examine the relationship between gender and overall satisfaction with company performance using Pearson's correlation coefficient. Specifically, we are investigating whether there is a significant linear relationship between these two variables in a dataset of 218 valid cases.

**VARIABLES :**

1. Gender
2. How satisfied are you with the overall performance of the company's distribution channel

Hypotheses:

- Null Hypothesis ( $H_0$ ): There is no significant linear relationship between gender and satisfaction with company performance (correlation = 0).
- Alternative Hypothesis ( $H_1$ ): There is a significant linear relationship between gender and satisfaction with company performance (correlation  $\neq 0$ ).

Interpretation :

- Pearson Correlation Coefficient for Gender and Satisfaction: -0.001
- Sig. (2-tailed): 0.989
- N (Number of Cases): 218

The Pearson correlation coefficient of -0.001 indicates an extremely weak negative correlation between gender and satisfaction with company performance. The p-value of 0.989 is much larger than the significance threshold of 0.05, suggesting that the correlation is not statistically significant.

Result :

Since the p-value is greater than 0.05, we fail to reject the null hypothesis. This means that there is no significant linear relationship between gender and satisfaction with company performance.

**REGRESSION**
**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.785	1	1.785	4.960	.027 <sup>b</sup>
Residual	77.756	216	.360		
Total	79.541	217			

a. Dependent Variable: How satisfied are you with the marketing and promotional support

b. Predictors: (Constant), The distribution system ensures timely delivery to customers

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.186	.112		37.425	.000
	The distribution system ensures timely delivery to customers	-.147	.066	-.150	-2.227	.027

a. Dependent Variable: How satisfied are you with the marketing and promotional support

**Statement :**

The goal is to examine whether there is a significant relationship between the independent variable "The distribution system ensures timely delivery to customers" and the dependent variable "How satisfied are you with the marketing and promotional support". This is assessed through a regression analysis, where the distribution system is the predictor, and satisfaction with marketing and promotional support is the outcome.

**VARIABLES :**

1. How satisfied are you with the marketing and promotional support provided by the company
2. The distribution system ensures timely delivery to customers.

**Hypotheses:**

- Null Hypothesis ( $H_0$ ): The distribution system ensuring timely delivery to customers does not significantly predict satisfaction with marketing and promotional support ( $\beta = 0$ ).
- Alternative Hypothesis ( $H_1$ ): The distribution system ensuring timely delivery to customers significantly predicts satisfaction with marketing and promotional support ( $\beta \neq 0$ ).

**Interpretation :**

- Constant (Intercept): 4.186, Standard Error = 0.112, t-value = 37.425, p-value = 0.000
- The distribution system ensures timely delivery to customers ( $\beta$ ): -0.147, Standard Error = 0.066, t-value = -2.227, p-value = 0.027

The negative coefficient of -0.147 suggests that as the distribution system ensuring timely delivery improves, satisfaction with marketing and promotional support tends to decrease slightly. This relationship is statistically significant since the p-value for the coefficient is 0.027, which is less than 0.05.

**Result :**

Since the p-value for the regression model (0.027) is less than 0.05, we reject the null hypothesis. This indicates that the independent variable "The distribution system ensures timely delivery to customers" significantly predicts satisfaction with marketing and promotional support.

**ANOVA**
**EmploymentStatus**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	9.112	3	3.037	28.122	.000
Within Groups	23.113	214	.108		
Total	32.225	217			

**Statement :**

The goal is to examine whether there is a significant difference in the dependent variable (which is not specified, but could be a measure related to employment status) across different categories of Employment Status. The ANOVA test is used to determine if the means of the dependent variable differ significantly between the different groups (e.g., employed, unemployed, part-time, etc.).

**VARIABLES :**

1. Employment Status
2. The company continuously evaluates and improves its distribution strategies

**Interpretation :**

- Sum of Squares Between Groups: 9.112
- Degrees of Freedom Between Groups (df): 3
- Mean Square Between Groups: 3.037
- F-value: 28.122
- Significance (p-value): 0.000

The F-value of 28.122 and the p-value of 0.000 indicate that there are significant differences between the means of the groups. Since the p-value is less than 0.05, we can reject the null hypothesis.

**Result:**

Since the p-value (0.000) is less than the significance level of 0.05, we reject the null hypothesis. This means that there is a statistically significant difference in the means of the dependent variable across the different employment status groups.

## **FINDINGS**

- There is a statistically significant association between educational qualification and the clarity/communication of company distribution goals (Chi-Square Test,  $p < 0.001$ ).
- No significant correlation was found between gender and satisfaction regarding company performance (Pearson Correlation  $p = 0.989$ ).
- Regression analysis revealed that ensuring timely delivery through the distribution system significantly impacts satisfaction with marketing and promotional support ( $p = 0.027$ ), although the relationship is slightly negative.
- ANOVA results indicated significant differences between employment status groups regarding how companies evaluate and improve their distribution strategies ( $p < 0.001$ ).
- Digital transformation and integration of distribution channels are crucial for improving operational efficiency and customer satisfaction.
- Internal conflicts in channel management can hinder the effectiveness of distribution strategies if not addressed properly.
- Geographic challenges remain an important factor affecting distribution efficiency.

## **SUGGESTION**

- **Enhance Communication:** Companies should clearly define and communicate distribution goals across all educational levels of employees to ensure better alignment.
- **Strengthen Digital Integration:** Organizations must invest in omnichannel distribution models that blend traditional and digital platforms to meet modern consumer expectations.
- **Focus on Timely Delivery:** Improving distribution speed and reliability is essential, as it impacts customer perceptions of marketing and promotional efforts.
- **Manage Internal Conflicts:** Conflict resolution mechanisms should be established within organizations to address disputes between departments handling distribution.
- **Customize Distribution Strategies:** Strategies should be adjusted according to geographic demands to minimize delays and logistical challenges.
- **Prioritize Customer Behavior Analysis:** Greater emphasis should be placed on studying consumer behavior and preferences to refine channel selection.
- **Continuous Evaluation:** Regular audits and evaluations of the distribution process should be conducted, tailored to the employment background of the workforce.

## **IV. CONCLUSION**

This study highlights that optimizing distribution channel performance is integral to operational success and customer satisfaction in the manufacturing sector. The findings emphasize the need for businesses to integrate digital and traditional distribution approaches, resolve internal organizational conflicts, and consider consumer behavior in channel management decisions. Timely product delivery and strategic geographic planning are also critical for improving service quality. Ultimately, organizations that continuously evaluate and adapt their distribution models will be better positioned to achieve sustainable growth and maintain a competitive advantage in an evolving marketplace.

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