

Distribution Channels Used in Apple Distribution in Himachal Pradesh

Dr. Kiran Chanda

Assistant Professor, Department of Management, Himalayan Group of Professional Institute, Kala Amb

Abstract: *A fruit marketing agency may have the activities and its operations related to fruit procurement, packing, storage, transportation, processing and marketing of fresh fruits as well as the fruit products. Efficient marketing strategy especially for horticulture produce depends mainly on the decision on where, when, how much to market. In the process of marketing a product has to pass through a number of marketing agencies and make use of the services of several functionaries. The fruits and vegetables pass through different channels on their way to the ultimate consumers and the share of consumer's money received by the producer depends upon the channel followed. The present research paper focuses on the different distribution channels adopted by the apple growers in Himachal Pradesh.*

Keywords: Horticulture, Apple, Himachal Pradesh, Problems, prospects

1. Introduction

Himachal grow diverse varieties of fruits from tropical to temperate which help in the economic up-liftment of the rural economy by generating employment and revenue to rural population. Himachal Pradesh is bestowed endowed with plenty of natural resources with diverse agro-climatic conditions suitable for horticulture development. Shimla district has occupied a place of pride in the field of horticulture followed by Kullu and Kinnaur district. It is the biggest producer of quality fruits like Apple, Plum, Peach, and Pear etc. Horticulture products are transported from the area of production to marketing outlets. Because of their largely perishable nature, horticulture produce and products require special handling in transportation to retain their quality for a long time. A fruit marketing agency may have the activities and its operations related to fruit procurement, packing, storage, transportation, processing and marketing of fresh fruits as well as the fruit products. Efficient marketing strategy especially for horticulture produce depends mainly on the decision on where, when, how much to market. A modern marketing organization having diverse function may require sectoral division and separate management sub-units under an overall control of management. There are numbers of marketing channels used by orchardists. Marketing is basically the process of movement of goods from producers to consumers in the desired time, place and form. The sequence of agencies through which the produce thus passes is called the channel of its movement or the marketing channels. Concentration of fruit and vegetable production in specialized packets coupled with their consumption scattered all over the country, renders fruit marketing essentially a matter of skill. Vigilance is equally essential for reasons of the higher perishability of horticultural produce. A small mistake in the marketing decisions may lead to low revenue for the hard toiled produce.

2. Reviews

Khair, S. M., Ahmed, M., Khan, E. (2008) in their study on "Margin and channels for shin kulu (Golden delicious) Apple produced in Pishin: A case study" reported that due to

the lack of market information farmers' losses their profit and are at the mercy of commission agent. So there is a need of proper marketing information system. Moreover, marketing margins need to be reduced so that farmers could get the maximum benefit of their produce. There is a wide range between producers and consumers price i.e. the marketing margin which is 76 percent and 58 percent for shin kullu apple in channel-1(Producers-pre harvest contractor- commission agents-wholesaler- retailer – consumer) and channel-2 (producers- commission agents-wholesaler- retailer-consumers) respectively. They finally suggested that there is a lack of agricultural loan facilities, lack of packing materials near production, lack of marketing system. **Shraff, S., Kajale, J. (2008)** in their research paper entitled "Government intervention in horticulture development- A case of Maharashtra" reported that promotion of horticulture crops have not received any attention in India in terms of investment. The government of Maharashtra made special attempts to promote horticulture by providing subsidy to farmers through horticulture linked EGS (Employment Guarantee Scheme) programme. But the farmers face so many problems and challenges like numbers of intermediaries involved in the marketing of produce is very large that adds to the final cost of the produce which results in low share of farmers in its terminal price. The cooperation of farmers and organised retailing can save the interest of the farmers. These corporate units like Reliance, Godrej, ITC, Bharti Group etc, have entered in the market to capitalise on opportunities such as processing, marketing & export. Moreover, the government of India set up the National Horticulture Board for Development of Horticulture with thrust on post harvest management and marketing. **Saxena, A., Hussain, M. and Singh, A. (2017)** in their study on "Impact of amended APMC act on apple business in Himachal, India" reported that Indian agricultural marketing system is suffering from various problems like large number of middlemen, malpractices of traders, inadequate market information and insufficient funds etc. APMC control and regulate the selling at all regulated agricultural marketing yards. But there are lot of inefficiencies involved in APMC. But the amended APMC act prevents anticompetitive practices. It is found that now private players are allowed to procure apple from producers

directly. Companies like Reliance Fresh, Godrej, Adani Agri Fresh, Mother Dairy, Fresh and healthy etc. procure apple directly and offer healthy prices to primary producers but still many apple growers in Himachal Pradesh not sell to private buyers. It is also found that direct procurement by companies was known by maximum producers. Majority of the respondents were not aware about the new patterns of marketing after implementation of amended APMC act. The authors have mentioned four marketing channel as first one is APMC market yard, second direct procurement by companies, third private yards and fourth Apni Mandi. Among these channels growers weighted APMC marketing yard as list preferred by growers. They finally suggested that there is no awareness regarding amended APMC among growers and there is a need to make them aware about it.

Objectives of the study:

To study the different distribution channels used by apple growers in Himachal Pradesh

Rationale of the study:

Himachal has been endowed with varied agro-climatic conditions, which provide a great scope for the apple growers. The hills of Himachal provide natural zones for production of apples. Horticulture provides new opportunities and has a vast scope in the state. Fruit production is seasonal and the produce is perishable in nature. As the apple is the main cash crop of the state growing in Shimla, Kullu and Kinnaur, etc. Shimla ranks first in horticulture production. It has occupied the significant place in horticulture sector in Himachal Pradesh followed by Kullu, and Kinnaur districts. Due to the commercialization of agriculture and horticulture in the districts people have become aware of the basic need of education. Because of less education they are not aware about modern marketing techniques. Horticulture produce in Himachal have good marketing demand in the country. The overall picture at the state level would conceal a wide variety of experience. The present study aims at analyzing the existing state of horticulture produce and also identifies the problems faced by the people of the district in marketing practices to improve the existing marketing strategies to the people in order to provide them basic awareness in this regard. As horticulture industry is slowly moving from traditional agriculture enterprise to corporate sector. And the further growth of horticulture industries and its sustainability will largely depends on the marketing strategies; strong supports of basic and strategic marketing research will only enable rapid growth of horticulture produce.

Scope of the study

The present study is restricted to the three districts of Himachal Pradesh i.e. Shimla, Kullu, and Kinnaur. The district under study is selected by taking into the consideration the largest producers of horticulture produce from 2012 to 2015. The data is collected through structured questionnaire. The major thrust is given to the problems and prospects of apple production and marketing.

Research Methodology

Keeping in view of the set objectives, the research design for the study is of primary and secondary nature. An emphasis is

placed on gathering first hand information with the help of structured questionnaire. And secondary data from different news articles, Books and Web site were used which were enumerated and recorded. The collected data has been presented statistically with the help of three point scale and Zero order correlation.

3. Interpretation

Distribution Strategies: An Analysis

Distribution is the process of making a product available for use or consumption using different intermediaries. In case of horticulture produce, it is very important element. It is a well known fact that apple is highly perishable fruit. It needs to send in the market as soon as possible to avoid spoilage of fruit. An attempt has been made by researcher to evaluate the factors playing an important role in distribution strategy. It is evident from the table 1, that while evaluating nature of produce, the mean value is higher than the standard mean score at three point scales. The majority of respondents are falling more towards higher side. The negative value of skewness and platykurtic behaviour of kurtosis shows that majority of responses are towards higher side. The significant value of chi square test of goodness of fit reveals that distribution is not equal. Thus, it can be concluded that nature of produce influence the decision of apple growers while making distribution strategies at very large extent. However, the result on evaluating competitors choice of selection of channel is quite opposite. The result shows that the mean score is less than the standard mean score at three point scale which shows that the majority of respondents are falling more towards lower side. The standard deviation is .76306. The skewness value is positive which shows that responses are lying more towards lower side and support the mean value. The chi square value is significant at 5 percent level of significance which shows that the distribution is not equal. Therefore, the role of competitors choice of selection of channel is not much weighted by growers while framing distribution strategy. Further, on evaluating financial resources, transportation saving, the result shows that the mean score is more than the standard mean score at three point scale which means majority of respondents are falling towards higher side. The skewness value is negative which supports the mean value. Moreover, the chi square value is significant at 5 percent level of significance which shows that opinion of growers is not equally distributed. Therefore, the role of financial resources and transportation savings is much weighted by the apple growers while formulating distribution strategies. Similarly, other factors storage facilities, market knowledge and high marginal cost were examined. The result highlighted that the mean score is higher than the standard mean score at three point scale resulting that the majority of respondents are falling more towards higher side (2.2120, 2.2820 and 2.2940). Furthermore, the skewness arrived as negative also support that respondents are more towards higher side. Further, the value of kurtosis is platykurtic. The significant chi square value again proves storage facilities, market knowledge and high marginal cost are important factors and also given due consideration while framing distribution strategy. The price is another factor which plays an important role in distribution strategy of produce. When convenience was examined, the results reveals that the mean score is higher

than the standard mean score at three point scale resulting that the majority of respondents falling more towards higher side. The negative value of skewness and platykurtic behaviour of kurtosis reflects that the distribution is more towards higher side. Whereas, the significant chi square proves that convenience is also an important factor of distribution strategy. Thus, the above analysis reveals that product is the most important factor of production.

Thereafter, the role of storage facilities, market knowledge, high marginal cost, price and convenience was second concern by the growers. The competitors choice of selection of channel is least concerned in apple distribution strategy. Thus, it can be concluded that distribution strategy play a prominent role in the apple distribution because of the highly perishable nature it get easily perished and bruised.

Table 1: Factors Playing Decisive Role while Formulating Distribution Strategies for Produce: An Analysis

Factors	Large Extent	Some Extent	Not at all	Total	Mean	Sd	Sk	Kt	χ^2	P. Value
Nature of Produce	243	204	53	500	2.3800	.66970	-.620	-.675	120.844	.000
Competitors Choice of Selection of Channel	117	201	182	500	1.8700	.76306	.224	-1.253	23.284	.000
Financial Resources	228	201	71	500	2.3140	.70739	-.533	-.879	84.556	.000
Transportation Saving	197	232	71	500	2.2520	.68807	-.374	-.873	86.044	.000
Storage Facilities	202	202	96	500	2.2120	.74307	-.363	-1.119	44.944	.000
Market Knowledge	200	241	59	500	2.2820	.66284	-.385	-.769	109.372	.000
High Marginal Cost	213	221	66	500	2.2940	.68739	-.456	-.841	91.396	.000
Image of Producers	199	202	99	500	2.2000	.74640	-.343	-1.142	41.236	.000
Price	172	237	91	500	2.1620	.70764	-.242	-.989	64.204	.000
Convenience	177	201	122	500	2.1100	.76621	-.189	-1.275	19.684	.000
Total				500						

Note: Figure in parenthesis depicts percentage.

Source: Data collected through questionnaire.

The large chain of commission agents also affects the orchardists profit so it is very important to choose the cost saving channel so that the commission can be saved. Therefore, the above discussed factors play a dominant role in the distribution strategy. The orchardists should accordingly form the distribution strategy in the light of these factors.

4. Distribution Channels: An Analysis

Channels of distribution decision include the function performed by the middleman. When asked from the apple growers that which among the enlisted channels has been adopted by them. Responses of the growers regarding various channels of distribution have been obtained with the help of five point Likert scale. The table 2 reveals that the mean value of the responses regarding the commission agent and wholesaler is 3.5040 and 3.0340 respectively which is very close to 4 i.e. higher than the mean standard score. The negative value of skewness reveals that majority of apple growers are of opinion that commission agents and wholesaler are best channels of distribution. There are number of commission agents and wholesalers involved in

apple buying. The positive value of kurtosis also reveals that distribution is higher in the middle, it gives a peaked curve. Which means the distribution is leptokurtic. Further, the private companies are also playing an important role as a channel of distribution in apple buying. The mean value of the responses regarding the private companies is 2.8800 which are close to 3 that mean average. The negative skewness, platykurtic kurtosis and significant value of chi square reveals that the distribution is not equal rather the trend is in the middle of the scale. Furthermore, the mean value of HPMC and retailer is 2.9400 and 2.0680 which is less than standard score. The positive value of skewness reveals that the majority of growers were of opinion that the HPMC and retailers are playing their role moderately. The significant value of chi square test of goodness of fit implies that the respondents are not equally distributed rather the trend is towards lower side. Thus, it can be concluded that the majority of the apple growers prefers commission agents and wholesaler as a channels of distribution for apple selling. The growers consider these distribution channels good for their produce, because of timely payment without difficulty by them.

Table 2: Channels of Distribution and Growers Perception: An Analysis

Statement	Excellent	Good	Average	Poor	Very Poor	Total	Mean	Sd	Sk	Kt	χ^2	P. Value
Commission Agent	67	167	231	21	14	500	3.5040	.87837	-.226	.452	363.760	.000
Wholesaler	22	79	315	62	22	500	3.0340	.79631	-.061	1.244	602.780	.000
HPMC	50	35	238	99	33	500	2.9400	.96450	.349	.472	447.040	.000
Private Companies	38	133	141	107	81	500	2.8800	1.19182	-.074	-.954	70.240	.000
Retailer	28	37	51	209	175	500	2.0680	1.11798	1.153	.683	290.600	.000
Total						500						

Note: Figure in parenthesis depicts percentage.

Source: Data collected through questionnaire

5. Impact of Distribution Strategy: An Analysis

Furthermore, the researcher attempted to evaluate benefits perceived by the apple growers by adopting different

channels of distribution. Table 3 reveals that among the mentioned benefits in terms of efficient and cost effective distribution and goodwill of producers, the mean score arrived is more than the standard mean score. Moreover, the

negative value of skewness and platykurtic behavior of kurtosis with significant chi square value further supports that the opinion is not equally distributed and is inclined more towards the higher side. The finding exhibits that the mean value of the variable repeat purchase is more than the standard mean score. The negative value of skewness and platykurtic behavior of kurtosis with significant chi square value further supports that the opinion is not equally distributed and is inclined more towards the higher side. Furthermore, growers rate lastly the benefits from

harmonious relationship. The mean value of the mentioned variable is less than the standard mean score. The value skewness is positive which signify that the opinion of growers rest on the lower side. Whereas, platykurtic behaviour of kurtosis with significant value of chi square reveals that distribution is not equal. Thus, it can be concluded that by adopting right distribution channel, can enhance goodwill of producers, built harmonious relation with commission agents, it can ensure repeat purchase and can be proved efficient and cost effective.

Table 3: Benefits by Adopting Distribution Strategies: An Analysis

Statement	Large extent	Some extent	Not at all	Total	Mean	Sd	Sk	Kt	χ^2	P. Value
Efficient and Cost Effective Distribution	273	48	179	500	2.1880	.93295	-.382	-1.746	153.244	.000
Goodwill of Producers	189	261	50	500	2.2780	.63366	-.307	-.674	138.052	.000
Harmonious Relationship	77	238	185	500	1.7840	.69159	.314	-.901	80.788	.000
Repeat Purchase	160	233	107	500	2.1060	.72375	-.163	-1.079	40.028	.000
Total				500						

Note: Figure in parenthesis depicts percentage.

Source: Data collected through questionnaire.

Thereafter, an attempt has been made to ascertain the relationship distribution strategy and benefits derived by adopting distribution strategies by applying zero order correlation. A marketing channel performs the work of moving products from producers to consumers with the help of different intermediaries. As it is well known fact that perishable products require more direct marketing this involves commission agents, artis and wholesaler in the contest of apple marketing. Due to which there is every possibility of developing personal relation with the orchardists. The table 4 exhibits the benefits by adopting distribution strategy. Different benefits evaluated are efficient and cost effective distribution, goodwill of producers, harmonious relationship and repeat purchase. It reveals that all the factors evaluated present a significant relationship at 1 percent level of significance. It confirms that distribution strategy is an important factor in the apple marketing. The benefits derived by the distribution strategy are obvious. Therefore, it can be concluded that channel of distribution become an essential part of horticulture produce not separate from marketing mix. This ensures the repeat purchase and harmonious relationship between the apple growers and commission agent, artis and wholesaler.

Table 4: Benefits by Adopting Distribution Strategies: Zero Order Correlation Matrix

Statement	1	2	3	4
Efficient and Cost Effective Distribution	1			
Goodwill of Producers	.151**	1		
Harmonious Relationships	.157**	.505**	1	
Repeat Purchases	.200**	.409**	.821**	1

****Correlation is significant at the 0.01 level (2-tailed).**

Source: Data collected through questionnaire.

6. Conclusion and Suggestions

Researched found that the large chain of commission agents affects the orchardists profit so it is very important to choose the cost saving channel so that the commission could be saved. It can be concluded that distribution strategy play a prominent role in the apple distribution because of the highly perishable nature, it get easily perished and bruised. However, when examined the perception of orchardists

regarding different distribution channels, commission agents and wholesaler were regarded as good channels of distribution by majority of the growers. The HPMC, private companies and retailers were considered as average channels of distribution. Similarly, benefits derived by adopting a particular channel of distribution, it is revealed from the study that majority of the orchardists reported that it can enhance goodwill of producers and built harmonious relation with commission agents. It can ensure repeat purchase and can prove as efficient and cost effective channel of distribution. The distribution strategies play an important role in apple marketing. It is suggested that there should be proper channels of distribution and storage facilities so that apple could be stored in the market well in time as to avoid spoilage. With the help of marketing mix a sound distribution strategy can be developed. So that the interest of apple growers could be saved and exploitation in mandies can be minimised.

7. Future Scope

It is found in the study that apple marketing is gaining momentum in past years. Channels of distribution play an important role in marketing. There is a scope for a study on present status of horticulture marketing channels followed by growers in the state and its development.

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