



## DISTRIBUTION STRATEGY FOR NEW PRODUCT MARKETING SUCCESS: FAST MOVING CONSUMER GOODS (FMCG) BUSINESS

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**Abstract:** The purpose of this study, were: (1) to uncover again the evaluations of buyers to suppliers of new products on the aspects of supplier strategic policies of 4P's: place, and (2) to reveal performance, and the success of new products in market competition. The study design combined qualitative research methodology with a grounded theory strategy and it was interpreted using constructivism and pragmatism approaches; and started with the results of previous studies that have used the phenomenology-constructivism approach. The results of the study identify and describe; First: (1) the competitive environment of the existence of product distribution considered by the buyer; (2) the existence of product distribution has an impact on market competition in general, namely: sales turn over of product, market share, brand image, product demand; (3) the distribution or sale of a product extends the customer's coverage of the product itself. Second: (1) the performance of a product can be assessed using the parameters of distribution level performance and product sales rounds for a certain period of time; (2) the level of distribution and sales cycle as an indicator to evaluate products, which will tend to succeed or fail, and the possibility of success or failure in competing in the market. These theoretical findings were constructed as an expansion of the concept of business buyer behavior and marketing mix - 4P's: place. The results of this study have implications for the determination and preparation of distribution strategy plans, measurement tools for channel management organizational performance, and decision analysis of brand strategies. Therefore, the deepening of the performance and success of new products - FMCG based on distribution strategies is the uniqueness and originality of this paper.

**Keywords:** Distribution Strategy, New Product, Business Buyer Behavior, Marketing Mix, Fast Moving Consumer Goods (Fmcg), Corporate Strategy

### Introduction

Product distribution strategy is the main activity in the marketing management of products that are mass for the needs of consumers. The distribution or implementation of product placements has the purpose of bringing the product closer to prospective customers or its target market. The distribution strategy serves in the distribution of effective goods and services to clients targeted by the company (Hidajet Karaxha and Halit Karaxha, 2015). The distribution strategy is alleged to be one of the keys to determining product success in the market competition of Fast Moving Consumer Goods (FMCG) (Trihatmoko, Mulyani, and Lukviarman, 2018). FMCG companies operating in Indonesia are faced with the challenge of maximizing the distribution of their products to a variety of customers totaling more than 2.5 million outlets nationally (Trihatmoko, et al., 2018; Trihatmoko, Harsono, Wahyuni, and Haryono, 2016b, Trihatmoko, 2016). Trihatmoko et al.

(2018) has proposed four product placement strategy formulas, namely trial, introduction, attacker and leader. The four strategies are the choice of companies to optimize the level of distribution of their products in various marketing channels.

The marketing mix concept is an integration strategy between product strategy, place, price and promotion (4P's), so that product success in competition is not only by place strategy factors, but also includes the effectiveness of other 4P's strategies. However, a study is seen as important for focusing on one of the 4P's elements, so that it can express more sharply for each phenomenon for each of its elements 4Ps. For this reason, this paper only focuses on product placement strategies or distributing new products for FMCG. The review of previous research results related to the marketing mix and "place" content provide an opportunity to explore the relevance of distribution strategies with the performance of

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new products for FMCG businesses (see Trihatmoko, Mulyani and Lukviarman 2018; Trihatmoko, Napitupulu, Purnamasari, and Kurniawanto, 2018; Trihatmoko et al., 2016a and 2016b; Hankansson and Waluszewskie, 2005; Jia Hu, 2011; Johnston and Lewin, 1996; Dwyer and Welsh, 1995; Stern and Reve, 1980). Based on a review of the previous literature, it is indicated that the deepening of the performance and success of new products referring to the distribution strategy is the uniqueness and originality of this paper.

FMCG companies tend to aggressively create new product innovations using brand strategies, namely line extensions, brand extensions, multi brands, and new brands (Nijssen, 1999; Nijssen and Agustin, 2005; Kotler and Armstrong, 2013; Trihatmoko, 2016; Trihatmoko et al., 2018). Distribution of FMCG products through distribution companies (distributor's), then forwarded to wholesalers, semi-wholesalers, and retailers in traditional and modern markets (Trihatmoko, 2016; Trihatmoko et al., 2016a and 2016b; Trihatmoko et al., 2018). Trihatmoko (2016) has reported the results of his research on the process of purchasing new products by wholesalers in traditional markets. The results of the study show that all 4P elements are the essence of the responses of buyers (wholesalers) in deciding to buy new products. These findings contribute to the concept of business buyer behavior or organizational buying behavior in previous literature, by: Stern and Reve (1980), Achrol, Reve and Stern (1983), Graski (1984), Aderson and Oliver (1987), Johnston and Lewin (1986), Lewin and Donthu (2005), Sashi (2009), Peter and Donnelly, Jr. (2011), Solomon (2013), Kotler and Armstrong (2013).

Transactional new products between distributors and wholesalers are a mix-purchase type of buying situation (see, Trihatmoko, 2016; Robinson, Faris and Wind, 1967; Jackson, Jr., Keith and Burdick, 1984; Wilkie, 1990; Evans and Berman, 1992; Johnston and Lewin, 1996; Sashi, 2009; Peter and Donnelly, Jr., 2011; Solomon, 2013). Trihatmoko's (2016) study shows that the 4P's: place factor is one of the considerations for buyer evaluations when they will decide on the purchase of products offered by their suppliers. On the other hand, the interests of distributors and product manufacturers aim to portray buyers (wholesalers) as the driving force for the distribution of products to a broad level of retailers. The problem is how and why are the product distribution factors evaluated by the buyer?

The first objective of this study was to uncover again the evaluation of buyers to suppliers of new products about the supplier's strategic policy aspects about 4P's: place. Study findings are described and conceptualized to explain the

behavior of buyers in the business market (between wholesalers and FMCG distributors). Wholesalers are marketing actors or implementers of product distribution strategies towards their customers (retailers), so that products draw closer to prospective customers and their target markets (Trihatmoko, 2016; Hidajet Karaxha and Halit Karaxha, 2015). Product placement strategies (trial, introduction, attacker, and leader) include the achievement of distribution levels directly related to the number of salespersons who play the product marketing function (Trihatmoko et al., 2018; Hidajet Karaxha and Halit Karaxha, 2015). The next problem is how to assess performance, and the success of new products based on distribution strategies in competing in the market? For this reason, the aim of the two studies is to uncover performance, and the success of new products in the market competition. The analysis of study findings was described and conceptualized to identify product performance parameters related to distribution strategy policies, in order to obtain a marketing formula on the success of a product.

The material deepening focus on product distribution strategies in an effort to contribute theoretically and practically about 4P's: place. Theoretically contributes to expanding the business concept of buyer behavior and marketing mix, as well as corporate strategy practices. For that, the concept of business buyer behavior and marketing mix "place" are built to be useful in practical terms for managers of manufacturing and distribution companies, as well as wholesale business people for FMCG businesses. In addition, studies on FMCG are important, since FMCG mechanism and marketing strategies contribute generally to the field of marketing management and corporate strategy (Trihatmoko, 2016; Pistelak, 2006; Gounaris and Alvanitis, 2001; McDonald, Chermatony and Hariss, 2001; Karin; 2011).

### **Theory and Literature Review**

Business or transactional buying and selling of products between distribution companies (distributors) and wholesalers is called business buyer behavior (Trihatmoko et al., 2016a; Trihatmoko, 2016; Kotler and Armstrong, 2103). The pattern of business relations between distributors and wholesalers uses the relationship marketing theory approach, characterized by direct competitive relationship marketing (Trihatmoko, 2016; Trihatmoko, Harsono, Wahyuni, Haryono, and Lukviarman, 2018). Such relationship between suppliers and buyers refers to agency theory (Trihatmoko, Harsono, Wahyuni, Haryono, and Lukviarman, 2018; Trihatmoko, Mulyani, and Lukviarman, 2018; Trihatmoko, 2016; Trihatmoko et al., 2016b; Bergen et al., 1992). Literature study in Trihatmoko et al. (2016b) followed up Bergen et al. (1992) which explained



that agency theory began to be applied in the field of marketing management. The FMCG agency theory places the position of the distributor as the main agent and wholesaler as a sub-agent in the channel management structure (Trihatmoko, Harsono, Wahyuni, Haryono, and Lukviarman, 2018).

It is stated in the introduction that the transactional type of the new product is mix-purchase, because at the same time buying and selling transactions are of the type of re-buy for existing products, and new-task purchase for new products. These two types of purchases together are called mix-purchase buying situations (Trihatmoko, 2016). The analogy of the situation of buying mix-purchase types can be used as an introduction to adding types of purchases in previous literatures, namely new task purchase, re-buy, and modified purchase (Trihatmoko, 2016; Robinson, Faris and Wind, 1967; Jackson, Jr., Keith and Burdick, 1984; Wilkie, 1990; Evans and Berman, 1992; Johnston and Lewin, 1996; Sashi, 2009; Peter and Donnelly, Jr., 2011; Solomon, 2013). As to whether the complexity of the place factor in the buying situation of mix-purchase will be illustrated through the deepening of buying behavior for new products.

Distribution strategy is 4P's: place marketing strategy policy from suppliers as a stimulant factor for buyers in making product purchase decisions (Evans and Berman, 1992; Johnston and Lewin, 1996; Kotler and Armstrong, 2013; Hankansson and Waluszewskie, 2005; Sarangapatani and Mamatha, 2008; Steenkamp and Dekimpe, 2009; Solomon, 2013; Jia Hu, 2011; Ibidunni, 2011). Distribution attributes include channel coverage, assortments, location, stocks, and transportation (Ibidunni, 2011). Product distribution relates to the influence elasticity between advertising and promotion, stockpiling, average rounds of purchase, sales force, and distribution (see, Ailawadi, Lehmann, and Neslin, 2001). The stages of the purchasing process are the determination of various product policies and distribution strategies (Weele, 2005 in Makhitha, 2015). 4P's: place has been minorly reviewed and revealed in the Trihatmoko (2016) research report. Place is described as one of the important factors in the product purchasing decision process. Furthermore, this paper to describe the major of business buyer behavior is related to the company's strategic policy regarding the distribution of new products.

The fundamental objective of the company in channel management is to optimize the level of distribution of their products across various distribution lines (Trihatmoko, Mulyani, and Lukviarman, 2018). The distribution level is determined directly by the role & number of salespersons, and

is related to the scope of their customers (Trihatmoko et al., 2018; Trihatmoko, 2016; Hidajet Karaxha and Halit Karaxha, 2015). The coverage of customers in distribution companies will expand through the coverage of customers in wholesale businesses (Trihatmoko, 2016). The distribution level perspective and customer coverage are estimated to be the content of performance parameters, and the prospect of the success of a product. This directs the efforts of this study to present concepts and theories about how the chances of success of new products use parameters from the achievement of distribution strategies.

### **Methods**

The phenomenology and constructivism approach in conducting the study by Trihatmoko (2016) became the early of the implementation of the methodology in this study. Furthermore, this study was designed using a grounded theory approach, with constructivist and pragmatic interpretations. Qualitative research methods provide extensive returns to using a combination of research strategy approaches to their philosophical interpretation approach (see, Proctor, 2005; Creswell, 2009; Jongker and Pennink, 2010; Fatchan, 2011; Saldana, 2011; Creswell, 2013; Hammersly, 2013; Gupta and Awasthy, 2015; Taylor, Bogdan, and DeVault, 2016; Trihatmoko, 2016; Kalu and Bwalya, 2017). The methodology and techniques of implementing this study indirectly have relevance to the paper Trihatmoko and previous colleagues about FMCG marketing, especially the series from the business buyer behavior and marketing mix. To provide a detailed methodological understanding, the research method needs to be explained again in this paper. Although there is a possibility of an equal explanation of the research method among one paper with another here, however, they were not mutually quoted (see, Trihatmoko's papers).

Based on the above explanation, this study combined phenomenology and grounded theory, as well as constructivity and pragmatism. Trihatmoko's (2016) research data was collected through in-depth interview techniques, observation and mini-group discussions with informants from traditional market distribution businesses, as well as wholesalers, distribution companies, manufacturers, and promotional agencies (from 2015 to 2016). The data analysis was conducted using a compound analysis technique, as well as a variety of observation and discussion activities carried out as well as data validation (Fatchan, 2011; Creswell, 2013; Taylor et al., 2016), resulting in various interests of the study focus. The research results and data stored in the Trihatmoko (2016) research paper were processed for the benefit of this study which focuses on distribution strategies. For this reason, the



presentation of this paper no longer reports/ quotes the results of interviews and discussions with informants from wholesalers and distribution companies. In some cases citing notes on observations, as well as the results of interviews with five informants from the manufacturing company (code: IM). The informants are at the level of Supervisor & Manager Area Sales, and Regional Sales Managers from national and multinational company organizations that in charge of the marketing area of Central Java. The quotations of interviews with the informants from the manufacturer in this case is aims at to strengthen the data analysis with a grounded theory approach regarding the phenomenon of the distribution strategy itself.

According to Creswell (2013) to obtain the latest findings directed to combine a grounded theory approach with several interpretive approaches. Trihatmoko, Mulyani, and Lukviarman (2018) have used the grounded theory and pragmatism approach, so that the context of this study can be re-explained as follows (Creswell, 2013): (1) attempted abstract analysis toward one distribution strategy phenomenon in business market competition; (2) expectation of this analysis for creating theory which can explain the phenomenon specifically; (3) pragmatic based interpretation, more focus on results, situations, and research consequence than antecedent conditions; (4) researcher bears basic pragmatic idea is that fully right to choose technic method, proper research procedure related to purpose of research. Regarding the pragmatism approach was applied to reveal the possibility of a new product succeed or failure in the market competition by referring to the concept of distribution strategy (4P's: place).

The interpretation of processing and data analysis was described textually and structurally (Creswell, 2013; Taylor et al., 2016). The data processing was done using a grounded approach, as well as pragmatic and constructivist carried out with abstraction or bottom-up techniques, in order to produce conception and theorization of the deepening of buyer behavior and distribution strategies (Creswell, 2013).

### Results

Data interpretation and analysis produces concepts and theories on the behavior of purchases by business market groups and new product distribution strategies by marketers. Data sources were obtained from the Trihatmoko (2016) research document (Appendix), but to fulfill the analysis and interpretation of the data were supplemented by notes from field observations that had been interview or discussed with the informants. Meanwhile, the presentation of the results of the study was grouped into three parts, namely: (1) the

evaluation of product distribution by buyers; and (2) the distribution strategies and product performance; and (3) the success of a product.

#### 1. The Evaluation of Product Distribution by Buyers

Trihatmoko's research (2016) has reported on evaluating product distribution factors by buyers in the process of purchasing new products (Appendix A). The results of the study illustrate that the distribution factor or 4Ps: place is the strategic policy of the supplier. The distribution strategy policy by suppliers is assessed to produce product performance, namely the level of distribution and market share, the image and reliability of the product brand, product demand, and sales turn over of product (sales rounds).

The findings of the study showed that the relative level of product distribution in the marketing area which is the reach of the business area of the buyers is evaluated by the buyer. "If the product has been distributed to retail in the wholesale marketing area, it is estimated that new products will be sold by wholesalers. Conversely, if the product has not been distributed, the wholesaler is likely to be difficult to sell to the retailer". Distribution level and market share in one analytical perspective. This finding explained that, among others: "the characteristics of small retailers play a dual role, namely selling products and consuming products (for example, food stalls)".

The structural description or conception of Trihatmoko (2016) is still minor (Appendix A), so this study re-describes the major evaluation of distribution by buyers. The findings of the distribution strategy policy assessed by buyers fall into the content of the "place" marketing environment, the external economic environment, and competition (Figure 1, Appendix B). The marketing environment that stimulates purchasing decisions is a distribution strategy policy by suppliers in terms of expanding the coverage of distributor customers. The supplier company policy is not known directly to the buyer. That is, buyers assess products through their understanding of competition in general, namely the level of distribution and market share, brand image and reliability, product demand, and the prospect of sales rounds.

These findings identify that the results of the distribution strategy have an impact on the competitive environment, namely competition in the existence of product distribution and competition in product distribution in the market. It means: (1) the competitive environment of the existence of product distribution is considered by the buyer; (2) the existence of product distribution has an impact on market competition in general, namely: sales turn over of product, market share, brand image, product demand; (3) until these





impacts form the existence of the distribution of the product itself; and (4) the distribution or sale of a product will expand customer coverage of the product itself. Records of field observations and interviews can be reported as follows:

“The company carries out new product distribution activities in various ways, namely: (1) forming a non-regular market team that specifically sells products to lower-class retailers; (2) bundling new products with one package with fast moving products as gifts directly to consumers or retailers; (3) provide product display rental packages at wholesale stores; (4) placing sales promotion girl (SPG) in wholesalers; and others. The supplier company's strategic activities are intended to improve product distribution and market share, build brand image and reliability, create product requests, and simultaneously sell products. One or a combination of these activities is determined by the supplier based on an evaluation of the existence of product distribution during the product launch, whether the product moves or stops in a situation of competing with its competitors. Sales of products from wholesalers are considered to increase market share, since wholesalers also sell to consumers. It is in the interests of suppliers that product distribution through wholesalers can improve product distribution, market share, and sales volume” (field note of observation).

“Then for the new product launch, we also provide the previous information, we will launch it to wholesalers. It is a coincidence that the wholesaler is always welcome, with the note that we also support promos after the goods enter to the wholesaler or to traditional outlets” (IM.1).

“The response, oh ... it turns out that someone is asking for this product, so I want to sell it, usually there is such a wholesaler who has the mindset. The wholesaler will wait for such market response. However, usually ..., if there is a such

process, we will convince, some of our stores give special treatment, ... all we need is just to entrust it first” (IM.2).

“Yes, there is usually a new product where it will compete with the SKU, namely with competitors, where we will immediately brand. If our product is an advantage, what are the weaknesses in the competitor's products, so as a team, we have been provided with ways to sell the new product” (IM.3).

“There is no difference in entering to the wholesaler, Sir, which is in our place as a wholesale is the same as retailers. The difference is that only in the strata of discount, only there, if the wholesaler is 3%, the rate for retailer would be 0% or 2%” (IM.4).

“Wholesalers do not want to store too many items in the warehouse” (IM.5).

The description of the findings and illustrations of the above observation and interview results has purpose to explain the rearrangement of minor propositions into the major below; is an evaluation of the distribution environment, and its construct is presented in Figure 3.

P1: The marketing environment on distribution strategy policies by suppliers determines the competitive environment of product distribution existence.

P2: The existence of a competitive environment for product distribution is a consideration that determines the purchasing decision by the buyer.

P3: The existence of a competitive environment for product distribution has an impact on the general market competition situation (product distribution outcomes).

P4: The market competition environment situation re-determines the competitive environment of the existence of product distribution through the marketing environment regarding policy distribution strategies.

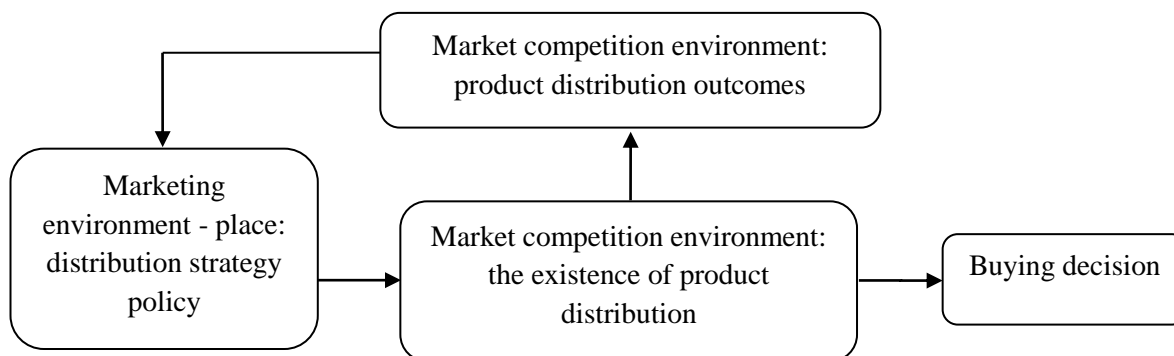


Figure 3. The Evaluation of the product distribution environment in the business buyer behavior



## 2. The Distribution Strategy and Product

### Performance

The phenomenon of purchasing decisions is identified that the buyer "the possibility of buying or rejecting" the products offer will have an impact on the level of product distribution. Meanwhile, the buyer's decision considers the aspects of product distribution, because it is thought that it will have an impact on aspects of market competition in general "consumers and costumers".

"Wholesalers tend to buy new products that are seen as having prospects of being sold to their customers. Distributors offer new products to wholesalers in an effort to improve product distribution on the wholesale line, and so are expected by wholesalers to distribute products to retailers. New products offered by distributors will generally be competitors of products in wholesalers, both between new products and new products or between new products and existing products. This means that the process of buying and selling new products at wholesale itself has competed between products from different suppliers. The phenomenon of trading in a wholesale store illustrates that a new product will be a variety of existing products, or conversely the existing product will hinder the presence of new products" (field note of observation).

The meaning behind the behavioral phenomenon of purchasing a new product is to position suppliers to face two groups of competition, namely competition of "wholesale:

buying or rejecting" customers, and consumers' markets. The phenomenon of product competition in the market shows that the existence of product distribution is created by the marketing environment "P: place" from various corporations whose products compete in the market. Explicitly, that the creation of tightening or leeway for product competition is based on the intensity of distribution strategies by competing companies. The results of the company's product distribution strategies in competing in the market are assessed as determining the performance of new products. This intellectual description directs the structural description as the theorizing of this study (grounded theory - 1) which is compiling the following propositions, and constructed in Figure 4.

P1: Marketing environment - P: place of companies in initiating distribution strategies has an impact on business market competition.

P2: The environment of business market competition affects the competitive environment of the consumer market.

P3: Consumer market competition environment influences the business market competition environment.

P5: Business market competition environment and consumers determine the performance of a product.

P6: The business market competition environment is driving back the marketing environment - P: place for companies about distribution strategy policy initiatives.

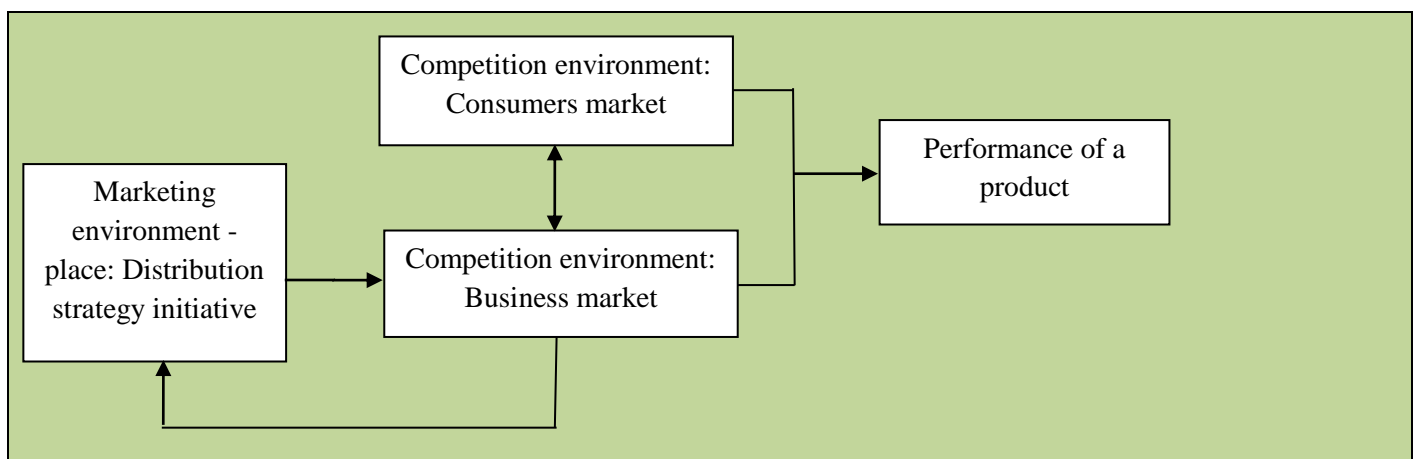


Figure 4. The performance of a product based on a distribution strategy in market competition

The results of data analysis from Trihatmoko's research (2016) are also used to measure the performance parameters of a product in a market competition environment (see, Appendix B and C). Contents of variables in both images are performance indicators of a product. The ending of the

operation of the distribution strategy is an indication of the round of sales, after the achievement of other indicators of the implementation of the distribution strategy by the company.

The business buyer construct of behavior illustrates that the level of distribution with the sales turn over has an indirect



relationship through the level of market demand. However, the product purchase decision by the buyer "buy or reject" automatically affects the achievement of the distribution level at the wholesale line (as the supplier's customer) and the level of sales on the supplier side. This description provides additional formulations for the new propositions below. Thus,

grounded theory - 2: reconstructs the direct relationship between the variables presented in Figure 5; in this case as a theoretical abstraction of Figures 1 and 2 (Appendix B and C), and this new proposition.

P: The achievement of the level of product distribution on the customer line increases the sales turn over.

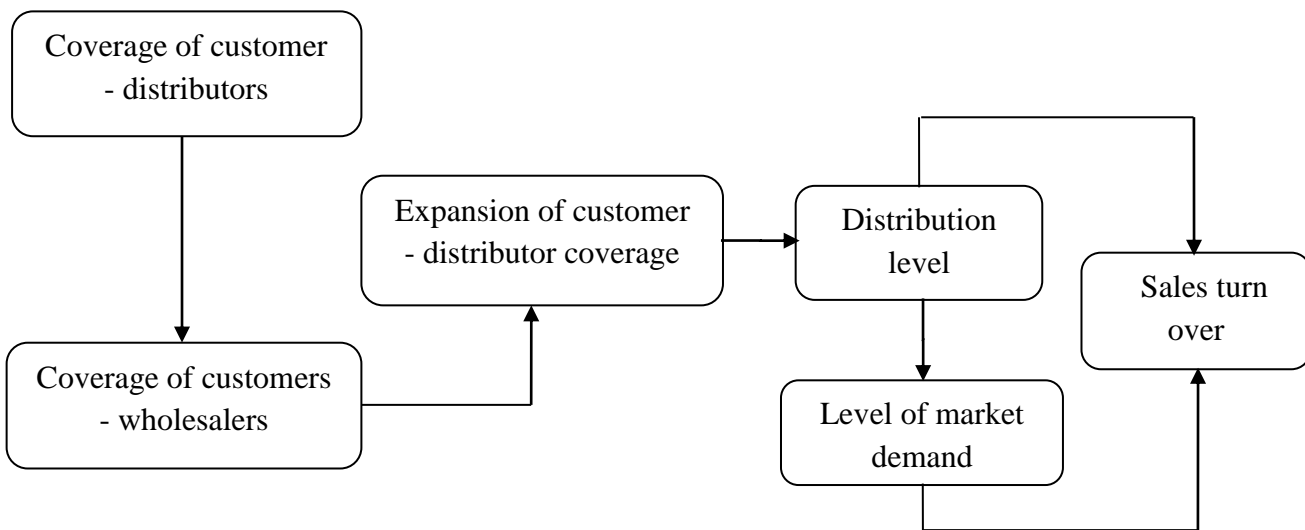


Figure 5. Parameters of the performance of a product based on distribution strategies in market competition

### 3. The Success of a Product

The final result of this study is to provide a pragmatic analysis of the success of a new product in competition using product performance parameters. Records of interviews can be reported as follows:

“Since our new product with a rich horseshoe system, Sir, The distribution system is horseshoe, but we take it in the middle first. We are traditional; in the middle of the first we take distribution later through the periphery. We also need to get distribution in non-out of town after we conduct product education in the city center. This is our strategy and belief for success in new products there” (IM.1).

“The strategies are due to the new product will be pursued by the distribution process, not the volume. The volume will be determined by actual acceptance from the community. We cannot push the new product with a high one at the beginning. But, we will see the market response too. Because we don't want it when we push at the beginning, instead it turns out to be a return, it will be a risk. Will follow the name of the volume pack, following what the market response is, we will

act quickly, o ... this is ok, already, the volume has increased, and production has been raised” (IM.2).

“Yes, in our place the brand is for a variant or SKU (stock keeping unit) the treatment is clearly different. ... Since the place where we play is different, if in another it runs in a new wholesaler then down, in our place, it start from the bottom at first and then to wholesale” (IM.4).

“So we divide them first, if my distribution is more to retail, we usually after retailing, each of us also has product stock depending on the destination object of HO (Head Office) as requested during the coordination” (IM.5)

Figure 5 shows that the product distribution strategy initiative is through the distributor and wholesale lines in order to create a product-sales cycle on an ongoing basis. FMCG is a mass product, so that even distribution of distribution is the basis of whether the sales cycle continues or stops relatively during the product launch period until a certain period of time "succeeds or fails to compete in the market". To find out the success of a product, a relationship matrix between the achievement of the product distribution level and the sales turn over is arranged (Figure 6).



Product success or failure: A product successfully exists competing in the market, that is, the performance of sales turnover and the level of distribution equivalent to the achievement of the average performance of the main competing products of the product. Included is that there is no mastery gap in the average market share between competing products. Conversely for a failed product, because the product's performance is far below the average performance of their competitor's products.

The possibility of product to succeed or fail: A product with a low distribution level but high sales volume has the possibility or chance to succeed. Success can be achieved due to high sales through wholesalers. Price and promotion strategies

generally mediate for product distribution from wholesalers to retailers. On the other hand, the product is likely to fail, because the distribution level is high, but the sales cycle is low (small sales volume). Such conditions are indicated by the phenomenon of products that have spread widely at the customer level "retail and wholesale" but products are not absorbed / sought by consumers or customers. The situation occurs because of the aggressive distribution of products by marketers, but the product cannot compete in terms of price and product strategies. For example, between the price level and the quality and design of the product, it is unable to compete with similar products in a group of product categories.

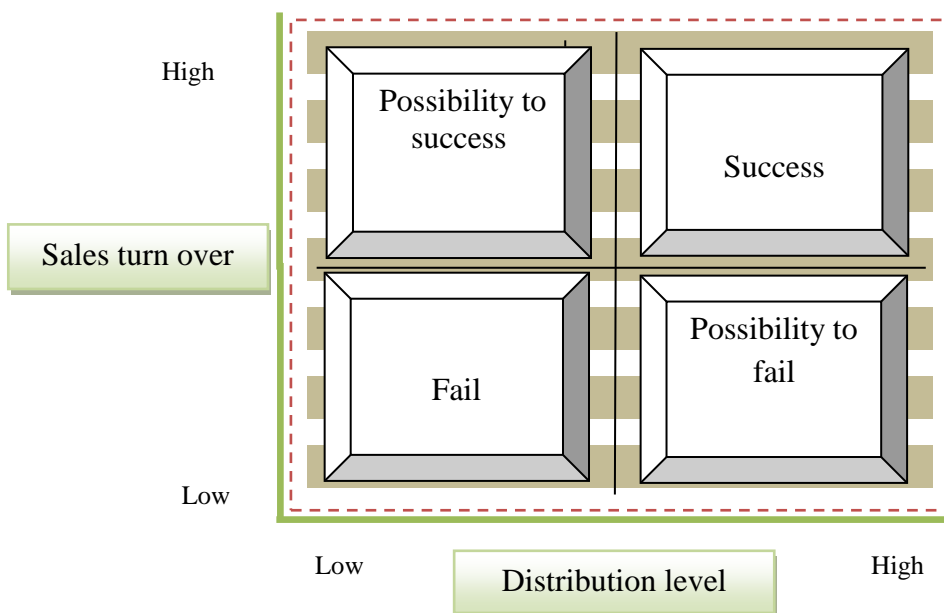


Figure 6. The Evaluation of the success of products based on distribution strategies in market competition

## Discussion and Implication

### 1. Business Buyer Behavior

Place conception in business buyer behavior illustrates that the marketing environment about P: place stimulates buyer decisions. This finding has been discussed in Trihatmoko's (2016) study, which is to contribute to identifying and explaining the concepts of Peter and Donnelly Jr. (2011), as well as the concepts of Kotler and Armstrong (2013) about the stimulus of the "distribution" marketing environment. P: place's conception in business buyer behavior by Trihatmoko (2016) is in line with Makhitha's study (2015) which states that the stages of the purchasing process are determining various product policies and distribution strategies.

The results of this study describe and describe the relationship between the marketing environment and the competitive environment that becomes a stimulus for purchasing decisions by buyers. The relationship between environmental variables (Figure 3) is the submission of a new concept for the expansion of the concept of buyer's behavior that has not been specifically constructed by previous literature from Stern and Reve (1980), Achrol et al., (1983), Graski (1984), Aderson and Oliver (1987), Johnston and Lewin (1986), Lewin and Donthu (2005), Sashi (2009), Peter and Donnelly, Jr. (2011), Solomon (2013), Kotler and Armstrong (2013).

The practical implications of the concept are the determination of product distribution strategies by distributor companies. The choice of distribution strategy with the approach of trial,

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introduction, attacker, or leader strategy depends on the number of fleets or salespersons (Trihatmoko, Mulyani, and Lukviarman, 2013; Hidajet Karaxha and Halit Karaxha, 2015). Thus, each choice of distribution strategy approach has implications for the process of purchasing decisions about the success of suppliers in offering products to their prospective buyers (wholesalers) (Trihatmoko, 2016; Kotler and Armstrong, 2013; Peter and Donnelly Jr. (2011).

## 2. Marketing Mix (P: Place)

Theoretical distribution strategy (marketing mix: place) is the same as in the business buyer discussion above behavior. Therefore the theoretical view of the results of this study can be generalized in the marketing concept, both the behavioral context of the purchase and the context of the distribution strategy policy by the product owner's company. Trihatmoko, Napitupulu, Purnamasari, and Kurniawanto's literature (2018) illustrate that planning a "place" strategy determines the expectations of product demand. The difference between the literature of Trihatmoko et al. (2018) with the results of this study lies in the distribution strategy policy to increase product demand through the achievement of product distribution levels.

The new concept of the results of this study is the emergence of buildings / performance constructs and parameters, as well as evaluating the success of products based on product distribution strategies in market competition. For this reason, these concepts are proposed to broaden or refresh the concept of distribution strategies for mass marketing of products, or FMCG types (see, Evans and Berman, 1992; Johnston and Lewin, 1996; Kotler and Armstrong, 2013; Hankansson and Waluszewskie, 2005 ; Sarangapatani and Mamatha, 2008; Steenkamp and Dekimpe, 2009; Solomon, 2013; Jia Hu et al., 2011; Ibidunni, 2011; Ailawadi et al., 2001; Makhitha, 2015; Trihatmoko, 2016; Trihatmoko, Mulyani, and Lukviarman, 2018; Trihatmoko, Napitupulu, Purnamasari, and Kurniawanto, 2018).

The practical implications of the distribution strategy concepts, namely: (1) the performance of a product has implications for the preparation of a distribution strategy plan (Trihatmoko, Napitupulu, Purnamasari, and Kurniawanto (2018); (2) performance parameters have implications for measuring channel management organizational performance (Trihatmoko, Harsono, Wahyuni, Haryono, and Lukviarman, 2018; Hidajet Karaxha and Halit Karaxha, 2015); (3) product success has implications for brand strategy decision analysis (Nijssen, 1999; Nijssen and Agustin, 2005; Kotler and Armstrong, 2013; Trihatmoko, 2016; Trihatmoko, Mulyani, and Lukviarman, 2018). Determination and planning of

strategies, measurement of organizational performance, and brand strategy analysis are part of corporate strategy, so that these practical implications are related to the substance of the theoretical distribution strategy.

## Conclusion and Recommendation

Identification and description of behavioral purchases and distribution strategies lead to conclusions, and recommendations for this study are related to corporate strategies for distributors and principals, as well as wholesalers and retailers in the FMCG business. The conclusions are formulated based on the findings of the buyer's responses, the performance and success of the product related to the distribution strategy carried out by suppliers (distribution companies).

The first conclusion, the buyer's decision to consider the competitive environment regarding the level of distribution of new products in the area of the buyer's marketing reach. The buyer's argument is to expect further impacts on other competitive environments regarding market share, brand image, demand, and sales cycle of the new product itself. The competitive environment, indirectly, is expected to have an influence on the marketing environment about expanding customer coverage.

For this reason, it is recommended to marketers when launching new products to prioritize product distribution penetration activities at the small retail level in the wholesale business area. After that was done, marketers to direct their attention to selling new products to local wholesalers. The aim is for small retailers in the wholesale business area, later to be able to re-buy products at wholesale stores or not from distributors. For buyers of new products, "wholesalers" are recommended to actively offer new products to their customers so that the goods will become known and purchased by customers, so that after that they will increase product distribution in the market, and increase sales for distributors and wholesalers themselves.

Second, it was concluded below to assess the performance of new products using distribution level indicators and product sales rounds. To achieve these indicators related to other indicators, namely customer coverage, product demand, and brand image. The achievement value of each indicator is related to the opportunity for the success of a product for the distribution strategy carried out by the distribution company. That is, the tendency or possibility of a product succeeding or failing depends on the progress of the level of distribution and the round of sales over time in the arena of market competition.



In preparing a distribution strategy plan, it is recommended that marketers combine the distribution work program with promotional programs and price settings that are relevant to the unit characteristics of a product. The goal, in order to support the acceleration of product distribution and the creation of sales of products that have been purchased by customers. Periodic company management is recommended to assess the performance of marketers by using customer coverage parameters, distribution level achievements, and product sales rounds. In terms of overcoming the problem of product success, the marketing department leaders can choose one of the strategies of a trial, introduction, attacker or leader. The evaluation results about the success of the product can be used as a basis for analysis for marketers in designing the decision to expand the next new products. Relatively for the selection of brand strategy "line extension, brand extension, multi brand, or new brand" is related to the type of product placement strategy. For that, it is recommended to marketers when deciding/ designing a brand strategy choice. It is necessary to consider a plan for choosing a product placement strategy.

#### Limitation and Future Research

This qualitative study has succeeded in building behavioral concepts and theories of purchasing and distribution strategies. Furthermore, forward quantitative research can test the propositions as hypotheses according to their importance and relevance to their respective studies. The context of this study is business to business (B2B) between distribution companies and wholesalers, and FMCG product distribution strategies. For future research, it can use or replicate this study framework/ concept for research purposes on non-FMCG products. The suggestions for future research are expected to contribute to the generalization of the theories and concepts that have been developed in this paper.

The product distribution context is for new products, but the analogy of the theory of product success can be measured in short-to-medium or mid-term time periods. For research on the performance of a product the opportunity to reexamine the extent to which product performance parameters affect the success of products that are already established in the market. Further studies can be carried out by researchers, given that the possibility of an established product can decrease its performance, or a product that has not succeeded can equalize its performance with an established product on the market.

This paper is limited to the deepening of the marketing mix "4P's: place", while the strategy of product, price, place and promotion has a relationship between one another. The next marketing mix research has the opportunity to deepen the

combination between product, price, place and promotion strategies, or only focus on one aspect of the marketing mix. The studies focusing on 4P's "marketing mix" are directed towards providing practical and theoretical benefits in marketing management, because the marketing strategy is the 4P's strategy.

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#### Appendix A

##### Minor proposition (Trihatmoko, 2016):

P1: The evaluation of the level of distribution of new products determines purchasing decisions.

P2: The level of distribution of new products resulted from the moderate expansion of the coverage of distributor customers.

P3: The level of distribution of new products determines the brand image of products built on the market.





P4: The level of distribution of new products determines the potential demand for the product.

P5: Potential demand for new products determines prospective sales turn over of product.

P6: Circulation sales of new products from wholesalers will expand the coverage of distributor customers.

**Appendix B**

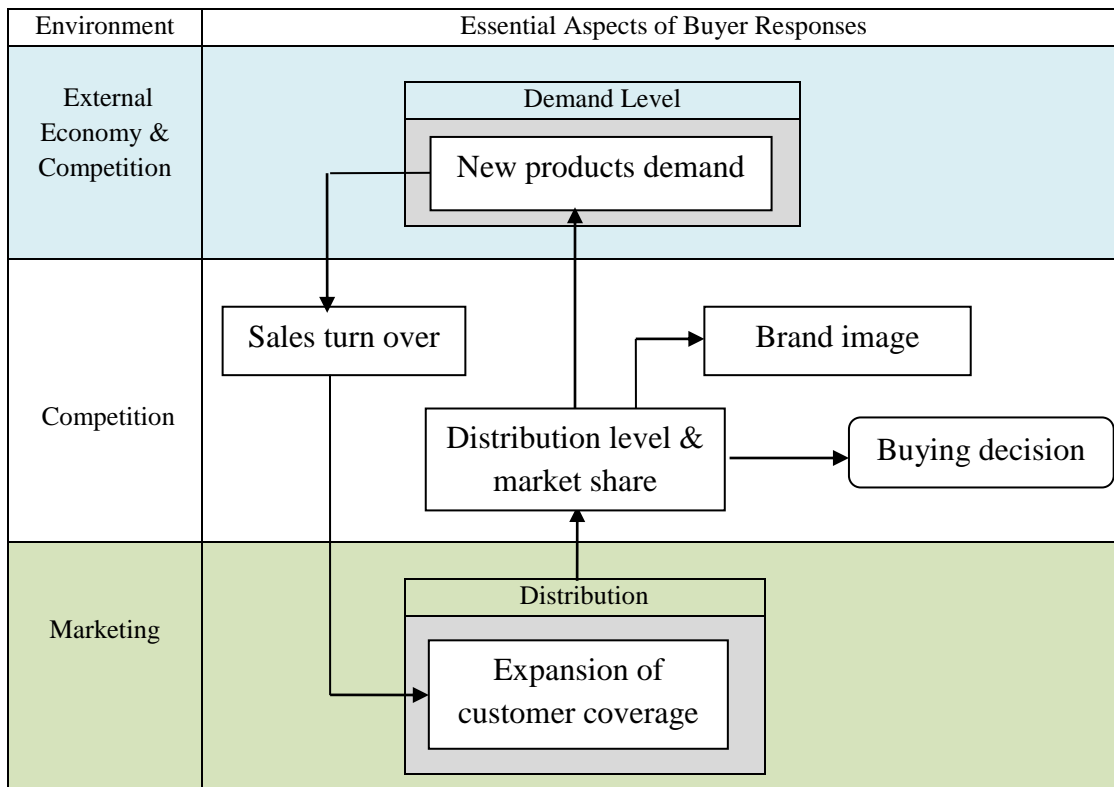


Figure 1. New product distribution analysis model in the business buyer behavior

Source: Research report by Trihatmoko (2016)

**Appendix C**

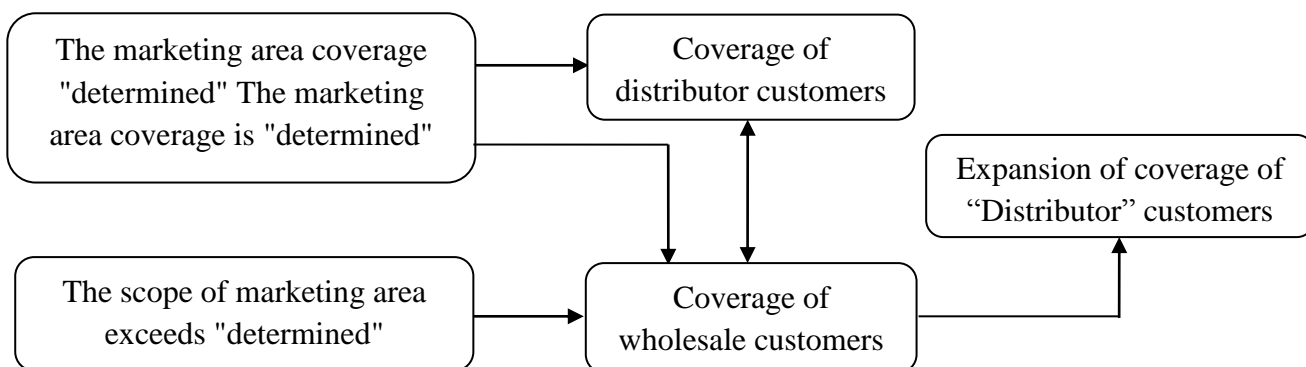


Figure 2. The model of expansion of the coverage of distributor customers exceeds the marketing boundary "determined"





Source: Research report by Trihatmoko (2016)