



RETAILERS' SATISFACTION WITH PROCTER AND GAMBLE BRANDS DISTRIBUTION POLICY AT TUAN VIET CO., LTD., HUE BRANCH

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Abstract: This study assesses retailers' satisfaction with Procter and Gamble (P&G) brands distribution policy at Tuan Viet Co., Ltd., Hue Branch concerning the supply of goods, sales policy, information for customers, facilities and equipment support, personal relationships, and sales staffs. On the basis of the factor analysis method and the ENTER method for regression analysis, the study shows that the factor "Sales policy" has the greatest impact on retailers' satisfaction. The study also provides possible solutions to improve retailers' satisfaction with Tuan Viet company's P&G brands distribution policy. Especially, the study emphasizes several issues that Tuan Viet should address, including promoting market surveys to have appropriate distribution policies and basis for appropriate proposals to the producers, and recruiting and training sales staff carefully. In addition to professional skills, it is necessary to pay more attention to establishing relationships with clients and navigating sales staffs to work for the company. The company needs to improve its warehousing system, while goods need to be better stocked. Furthermore, the lack of proper coordination between the salesmen and the delivery staffs should be tackled thoroughly. Eventually, the company should set appropriate working principles to avoid conflicts, disunity, and work inefficiency.

Keywords: retailer, satisfaction, distribution policy

1 Introduction

Over recent years, as a result of the proliferation of science and technology, productivity has increased so significantly in the field of commodity production that millions of products with enormous volumes are yielded every day. In particular, in terms of essential items that fulfill human's basic needs, the volume of manufactured goods is far greater. Thus, to deliver these goods to end-users quickly in a timely manner, as well as to ensure the quantity and quality, the distribution services of intermediary distributors are extremely necessary.

In Vietnam, due to increased production capacity and large demand for commodities, the distribution services of intermediary distributors are being significantly developed to catch up with global trends. The products of Procter and Gamble (P&G) have been currently distributed by 8 vast distributors, namely Phu Thai (Hanoi), Mesa (Hanoi), Dac Hung, Tuan Viet, Tien Thanh, Huu Linh, Phu Thai (Can Tho), and Mesa (Saigon). Among these distributors, Tuan Viet

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Co. Ltd. is the largest distributor in Central Vietnam with branches in 9 provinces, including Hue City.

In Thua Thien Hue province, Tuan Viet is currently P&G's number one distributor trusted by customers. However, the distribution of goods to customers is not easy because the company is vying with other competitors. These competitors distribute products of the same brand in the form of smuggled goods or commodities from Metro supermarkets with the same quality but lower prices. Another competitor is Unilever, which has a big market share in the field of cosmetics. In addition, customers also complain about Tuan Viet's product marketing, delivery, and product return, which leads to other input choices causing the company to encounter further challenges.

With the vision of "Vietnam's most developed company in the field of distribution with the world-class organization and process" and the mission of "Bringing high quality products to Vietnamese consumers through the most perfect service", we found it extremely urgent to identify the level of customer satisfaction with the distribution policy at Tuan Viet Co. Ltd. The purpose of this identification is to enhance customers' satisfaction, retain loyal customers and improve the company's competitiveness.

2 Literature review and selection research model

To corporates, retailers are also customers. Unlike individual customers, they are organizational customers (they are not the end users of the product or service, they buy in bulk). Consequently, when studying retailers' satisfaction, the researchers look at other aspects to come up with different scales.

According to Rosenbloom [3] most of the distribution channel members highly appreciate the manufacturer's guarantees in the following four areas: (1) Highly profitable product line, (2) Advertisement promotion support, (3) Management support, and (4) Trade policy and friendly relations. This author found that the main factors that members in the distribution channel in general and retailers in particular highly appreciated.

In addition, Skinner, Gassenheimer and Kelley [11] also mentioned that retailers' satisfaction may be influenced by the willingness to cooperate between suppliers (manufacturers) and retailers. The study show that this interdependence increases co-ordination and the inconsistency between them as well. Collaboration and slight contradictions increase the level of satisfaction. However, these authors did not identify the specific factors that make the managers be able to approach to improve the situation on businesses' distribution channel in the best way.

Andaleeb [1] verified dependence and trust which have an influence on satisfaction in a distribution channel. This theory holds that the more trust a relationship has, the greater the

retailer has satisfaction. To illustrate this theory, several research models are recommended to 72 sales and purchase managers. Survey data illustrated that there is no need to build a relationship between trust and satisfaction. However, this study show that the level of dependence determines the level of satisfaction.

Geyskens et al. [8] found that satisfaction in the relationship between retailers and manufacturers can be economic and social. Economic satisfaction involves a positive reaction of a member to positive economic outputs of a relationship such as sales and profit. Social satisfaction is a positive emotional response of a channel member regarding the social aspect, not related to economic benefits such as personal communication with the partner [8]. After exchanges between theories and experts, Geyskens and Steenkamp [7] also showed that two types of satisfaction have an influence on various factors in the relationship. For example, economic satisfaction affects loyalty in a positive way. Complaints have more effect on social satisfaction and less effect on economic satisfaction. This research has significantly contributed to the study of retailers' satisfaction with the manufacturer [7].

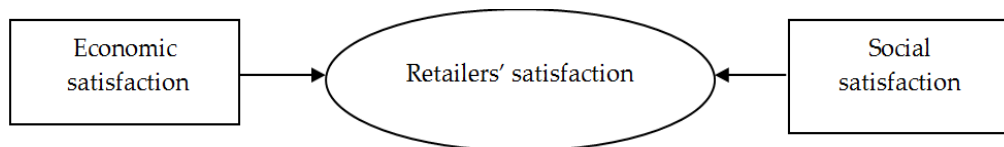


Figure 1. Model of factors affecting retailers' satisfaction [8]

Next, Schellhase, Hardock, Ohlwein (2000) conducted a comprehensive study on retailers' satisfaction with Edeka, Metro, Rewe, Spar, Tengelmann, and others and identified 10 factors that affect the satisfaction of retailers to the manufacturer including (1) Person contact, (2) Logistics/package, (3) Selling promotions, (4) Cooperation intensity, (5) Self service, (6) Product management, (7) Price policy, (8) Sales policy, (9) Quality and flexibility, and (10) Sales conditions. The level of cooperation is also mentioned, and so are nine factors. The authors clearly showed how the factors affect retailers' satisfaction with manufacturers [10].

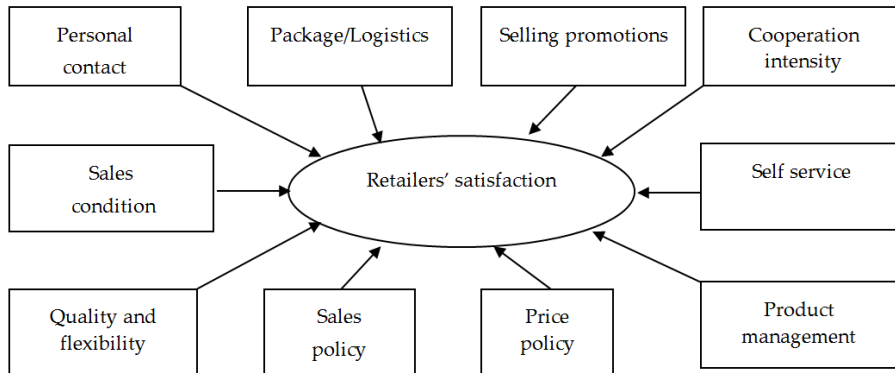


Figure 2. The retailer satisfaction model of [10]

Pham Duc Ky, Tran My Van, Luong Minh Tri also reported a model for assessing the satisfaction of telecom retailers in the Vietnamese market [5], [6]. The authors identified six factors that affect retailers’ satisfaction, namely (1) Supply of goods, (2) Sales policy, (3) Sales information (4) Sales career, (5) Equipment and facilities, and (6) Personal relationships [10].

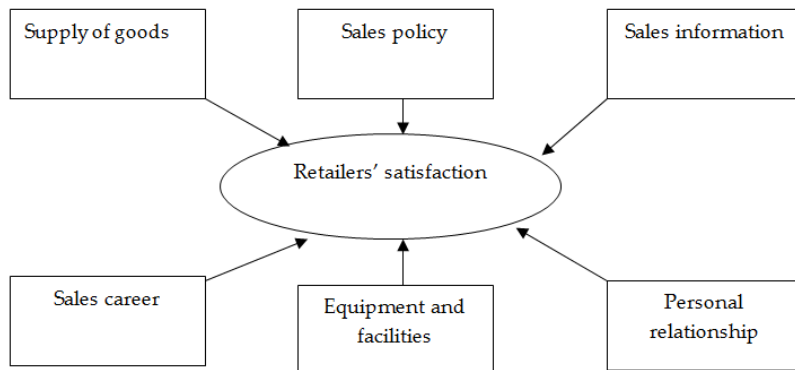


Figure 3. The retailers’ satisfaction model of [5] [6]

In order to select an appropriate research model, we rely on the theories, i.e. published research models, combined with a practical basis, i.e. expert interviews and qualitative client research. For expert interviewing, we conducted an interview with a sales supervisor at Huong Thuy Branch, Hue to determine factors that affect retailers’ satisfaction in terms of P&G’s distribution policy. With the question, "Which elements of the P&G’s distribution policy affect retailers’ satisfaction?", and the answer is *Supply of merchandise, Promotion program, Information to customers of products or promotions, Supply of sales assistants at the counter, and Customer relationship development*. The factors proposed by the experts are consistent with those in the model of Pham Duc Ky, Tran My Van, Luong Minh Tri [5], [6]. According to experts, the company does not have the factor *Sales support* for customers because the goods are essential with massive demand, and frequent purchase and the sale of these goods are extremely simple without business procedures. In addition to expert interviewing, qualitative research methods

were conducted with three retailers to determine the factors that affect their satisfaction. The qualitative results include five factors that coincide with experts' opinion, and the element of "Sales staff" is added. It can be seen that salespeople are the bridge between customers and the company. They are the representative image of the company and often contact the customers, thus they should have a close relationship with retailers. At Tuan Viet Co. Ltd., the sales staffs directly meet retailers, grasping their information and needs and providing retailers with necessary information about products, promotions, and market. According to the interviewed retailers, their satisfaction with the company's distribution policy partly depends on the company's sales staffs.

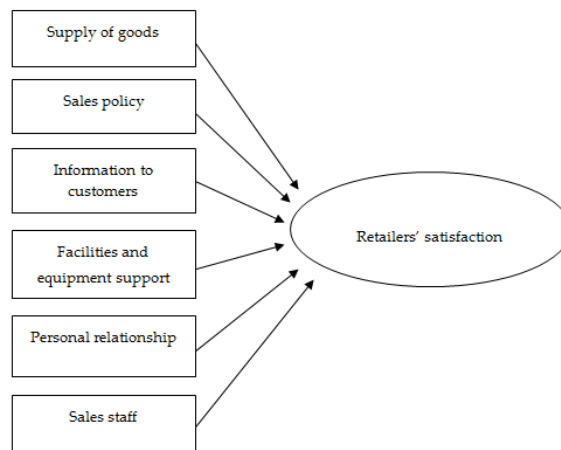


Figure 4. Used study model

Thus, combining qualitative research with the information from experts and three retailers, we suggest a model with six factors: (1) Supply of goods, (2) Sales policy, (3) Information to customers, (4) Facilities and equipment support, (5) Personal relationships, and (6) Sales staffs.

This study proposes the following assumptions:

H₁: *Supply goods* affects retailers' satisfaction positively.

H₂: *Sales policy* affects retailers' satisfaction positively.

H₃: *Information to customers* affects retailers' satisfaction positively

H₄: *Facilities and equipment support* affects retailers' satisfaction positively

H₅: *Personal relationships* affects retailers' satisfaction positively

H₆: *Sales staffs* affects retailers' satisfaction positively

Table 1. Description of research scale

Criteria	Number of variable	Reference
Supply of goods	5	[5], [6]
Sales policy	5	[10] [5] [6]
Information to customers	4	[5] [6]
Equipment support	4	[5] [6]
Personal relationships	4	[10] [5] [6]
Sales staff	5	The author added

3 Methods

3.1 Data collection and analysis

Data collection

Secondary data are from published books, newspapers, magazines with relevant information, published research works, graduation theses, information from the Internet, websites, and company’s website.

Primary data are information from the responded questionnaires collected in February and March 2017.

Processing and analysis data

Data from customers were checked, and unsatisfactory responses were removed.

Statistical aggregation: collecting data and information, selecting and accumulating necessary information.

The data were analyzed using the SPSS 20.0 software: Descriptive statistics analysis is used to represent the characteristics of the sample structure. Accreditation of theoretical models, Exploratory Factor Analysis, Multivariate regression were used.

The regression model of satisfaction is as follows

$$HL_i = \beta_0 + \beta_1CCHH_i + \beta_2CSBH_i + \beta_3TT_i + \beta_4HTCSVC_i + \beta_5QHCHN_i + \beta_6NVBH_i + e_i$$

where HL_i is the value of the dependent variable *Satisfaction*; $CCHH_i$ is the value of the independent variable *Supply goods*; $CSBH_i$ is the value of the independent variable *Sales policy*; TT_i is the value of the independent variable *Information to customers*; $HTCSVC_i$ is the value of the independent variable *Facilities and equipment support*; $QHCHN_i$ is the value of the independent variable *Personal relationships*; $NVBH_i$ is the value of the independent variable *Sales staff*; β_k is the regression coefficient; e_i is the residue.

3.2 Sample selection and sample size

Specifying sample size

On the basis of the study on the sample size, it is expected to have a minimum size which is five times as many as the number of the observation variables [4]. This study uses 27 observation variables, and the sample size is at least $27 \times 5 = 135$ clients.

To ensure the minimum sample size, we decided to choose 150 retailers, providing that some questionnaires are not valid.

Selecting sampling and approaching sample

Sampling

The total numbers of customers are divided geographically spreading in six districts, two towns, and one city.

In order to ensure the representative sample, we calculated the proportion of customer groups with geographic criteria. Then in each area, we decided the sample size to ensure that the percentage of groups of customers of the sample to be equal to the percentage of overall customer groups (Table 2).

Table 2. The overall characteristics of customer groups by geographic criteria

Geographical area	Number of customers in the sample	Overall number of customers	Percentage (%)
Quang Dien District	19	391	12.50
Phong Dien District	20	419	13.40
Huong Tra Town	14	291	09.31
Huong Thuy Town	19	400	12.79
Phu Vang District	21	428	13.69
Hue City	24	507	16.21
A Luoi District	7	156	04.99
Nam Dong District	11	219	07.00
Phu Loc District	15	316	10.11
Total	150	3127	100.00

Source: Sales Department of Tuan Viet Co., Ltd Hue Branch 2017

Sample approach

In each area, we took the sample using the customer's address book in that area, assigning a sequence number to each customer, then selecting the random sample with the random command in Excel.

The result shows the customers whom we will conduct the investigation with. The customers completely surveyed are removed from the overall list.

Customers who refuse the investigation are excluded from the list, and we randomly select other customers to continue the investigation until a sufficient number of customers is reached.

4 Results

4.1 Assessing the reliability scale with Cronbach's Alpha test

The factors influencing retailers' satisfaction used in this research include *Supply of goods, Sales policy, Information to customers, Facilities and equipment support, Personal Relationship, and Sales staffs*.

Because this research is a follow-up study, we decided on the criteria to evaluate the reliability scale:

The type of observation variable has a correlation coefficient of less than 0.4.

Alpha reliability scale is greater than 0.7.

After verifying the reliability of all scales in the questionnaire, we obtain the Cronbach's Alpha coefficients of the scale in the Table 3.

Table 3. Compilation of Cronbach's Alpha test results of accepted scales

Scales	Cronbach's Alpha
Supply of goods	0.779
Sales policy	0.847
Information to customers	0.740
Facilities and equipment support	0.869
Personal relationships	0.773
Sales staffs	0.773
Satisfaction	0.810

"Satisfaction" is the dependent variable of the scale

Source: SPSS data processing 2017

4.2 Identifying factors that affect retailer satisfaction through factor analysis

In studying and evaluating the reliability of the scale by Cronbach's Alpha, a large number of variables (32 independent variables and 6 dependent variables) are related to each other. Therefore, the number of variables must be reduced to a level that can be used.

After conducting the procedures for discovering factors for independent variables, we obtained the following results:

Table 4. KMO and Bartlett’s Test of independent variables

Kaiser-Meyer-Olkin measure of sampling adequacy		0.807
	Approx. Chi-Square	1464.923
Bartlett’s Test of Sphericity	Df	300
	Sig.	0.000

Source: SPSS data processing 2017

KMO is 0.807, greater than 0.5, which is qualified for the factor analysis.

Bartlett’s Test has Sig. = 0.000, less than 0.005. The hypotheses where the variables do not correlate in the total are rejected. In other words, the variables are interrelated (the measurement variables reflect different aspects of the same common factor).

Table 5. Rotated component matrix

Observed variables	Component					
	1	2	3	4	5	6
[CSBH1] High discount program	0.810					
[CSBH3] Frequently offering promotions	0.791					
[CSBH4] Condition of the promotion is easy	0.741					
[CSBH2] High value gifts	0.697					
[CSBH5] Stable price	0.651					
[NVBH3] Sales staffs are highly credible		0.771				
[NVBH4] Sales staffs handle issues quickly		0.753				
[NVBH2] Sales staffs have a warm, enthusiastic attitude		0.745				
[NVBH1] Sales staffs have good knowledge of product and market		0.660				
[NVBH5] The salesmen’s sales frequency in one month is reasonable		0.654				
[CCHH2] Supplying new products			0.743			
[CCHH4] Supplying the right amount of commodities			0.734			
[CCHH3] Supplying commodities on time			0.684			

Observed variables	Component					
	1	2	3	4	5	6
[CCHH1] Supplying a variety of commodities			0.659			
[CCHH5] Reasonable change or return of commodities			0.607			
[QHCHN1] Company knows customer information clearly				0.806		
[QHCHN2] Company often visits and cares for customers				0.771		
[QHCHN4] Company rewards customers with enough sales or those exceeds sales				0.737		
[QHCHN3] Company presents gifts to customers on the Tet holiday, birthday party				0.675		
[HTCSVC1] Providing full sales support tools					0.884	
[HTCSVC3] Providing a variety of sales support tools					0.851	
[HTCSVC2] Providing sales support tools regularly					0.844	
[TT2] Information to customers is timely						0.852
[TT3] Information to customers is accurate						0.823
[TT1] Information to customers is complete						0.728
Eigenvalues	6.007	2.734	2.011	1.814	1.653	1.438
Cumulative (%)	24.027	34.961	43.006	50.262	56.873	62.624

Source: SPSS data processing 2017

As can be seen from Table 5, the percentage of variance is 62.624%, > 50.000%. This means that the six factors explained for 62.624% of the variation of the first 25 observed variables, which satisfies the requirement to analyze the exploratory factors.

The table 5 also illustrates that observed variables are reduced to six factors.

The results of exploratory factor analysis of dependent variables are as follows:

Table 6. KMO and Bartlett's Test of dependent variables

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.771
	Approx. Chi-Square	359.263
Bartlett's Test of Sphericity	Df	15
	Sig.	0.000

Source: SPSS data processing 2017

It can be seen from Table 6, KMO value is 0.771, > 0.5, and Sig. Value of Bartlett's Test is 0.000, < 0.005; therefore, the variables are interrelated.

The percentage of variance is 52.44%, > 50%. Thus, the conditions for factor analysis of the dependent variable group are satisfied.

The result is the seventh-factor 'satisfaction' consisting of 6 observation variables:

- Company supplies good commodities
- Company's sales policy is good
- Company supports facilities and equipment well
- Company maintains customer relationships well
- Sales staffs are good
- Company informs the customers well

4.3 Model regression of factors affecting retailer satisfaction

From Table 7, we see that the Sig. value of the *t*-test of each independent variable is less than 0.05; therefore, it is possible to conclude that the variables in the model are significant. We have the regression model as follows:

$$HL = 0.143 \times CCHH + 0.294 \times CSBH + 0.205 \times TT + 0.129 \times HTCSVC + 0.219 \times QHCN + 0.177 \times NVBH$$

β_0 is not included in the model because the Sig. value is 0.05, accepting hypothesis H_0 "Coefficient $\beta_0 = 0$ ". Variables with a positive partial regression coefficient have the same effect on *Satisfaction*.

"Sales policy" has the greatest impact on retailers' satisfaction. "Facilities and equipment support" has the lowest impact on retailers' satisfaction.

Table 7. Regression model

Model	Unstandardized coefficient		Standardized coefficient	t	Sig.
	β	Std. Error	β		
Constant	-0.455	0.230		-1.978	0.050
CCHH	0.143	0.039	0.176	3.650	0.000
CSBH	0.294	0.039	0.368	7.481	0.000
1 TT	0.205	0.042	0.207	4.835	0.000
HTCSVC	0.129	0.033	0.170	3.903	0.000
QHCN	0.219	0.032	0.300	6.869	0.000
NVBH	0.177	0.037	0.197	4.829	0.000

Source: SPSS data processing 2017

5 Suggestions for improving retailers’ satisfaction with Procter & Gamble brands distribution policy at Tuan Viet Co. Ltd., Hue Branch

After evaluating the P&G company’s distribution activities, we propose several solutions to improve the satisfaction of retailers as follows:

5.1 For Supply goods factor

The company should do the following: (1) upgrade warehouse systems and warehouse management operations to ensure sufficient goods with high quality; (2) Calculate the optimal amount of data to timely decide on warehousing, quantity, and type of goods to update new goods, and avoid shortages. This solution will help improve customer satisfaction with new and diverse supply goods factor; (3) Fix incorrect delivery numbers, types and delivery time, and conflicts between salespeople and delivery staff: salespeople taking serious steps to close orders in the sales process to ensure the accuracy of orders that customers have requested. The delivery department prepares goods carefully, avoiding single errors. If the delivery department arrives at the time of delivery, but the customer is not at home or does not accept the product because he thinks the order is not consistent, he must immediately call the salesperson who works directly with the customer.

5.2 For Sales policy factor

The company needs to strengthen the implementation of promotions. The company's gift products need to be researched to suit consumers' tastes. The customers often complain that they do not like gifts from the company but prefer the gifts from Unilever. For example, plastic pots should be given to consumers when they buy washing powder so that consumers can use them to wash instead of giving a bowl or a bucket. Promotions should be built with high

flexibility with many options for customers to receive them easily. Customers prefer not only to receive promotions but also to enjoy the promotions they receive. Therefore, the company should allow customers to choose to receive gifts or receive discounts that will make customers more satisfied.

The company negotiates with manufacturers, utilizing its negotiating power thanks to its large size and as a long-term customer, requiring manufacturers to supply goods at low and stable prices. The company needs to control the prices for retailers, avoids dumping that affects the reputation and image of the company and avoid conflicts between members of the distribution channel.

5.3 For Information to customers factor

The company should focus on providing information about products such as quality, design, consumption trends for retailers so that they can re-advise consumers or convince consumers to buy from them. A good product on the shelf will not be sold without retailers' persuasion. Retailers will not be able to convince consumers to buy if the company does not provide product information to them. Each salesperson must always carry the catalog and a list of ongoing promotions to inform customers correctly.

5.4 For Facilities and equipment support factor

The company needs to recommend the manufacturer to increase the budget to support the point of sale so that it can support facilities regularly and fully for big stores. For small shops, the company should equip them with wire hook advertising (shampoo, conditioner, fabric softener).

5.5 For Personal relationships factor

The company regularly updates customer data and changes about store owners, store names, contact numbers, and closed stores. New stores must be updated monthly to ensure understanding customer information. The company needs to focus on asking and caring customers through salespeople. Training for salespeople to be aware of the importance of greeting customers, taking seriously the "step into the store" step in the sales process is necessary. Salespeople have to visit regularly on the visit schedule and are full of all shops, for those who are not home, the staff must call and visit that day. Special attention from salespeople and sales supervisors needs to be paid to big customers. On a large scale, if there are questions and suggestions that employees do not have enough rights to solve, the sales supervisor has to see the customers and solve their problems. The donation of gifts to large customers should be made in a manner that they cannot be converted into money (for example, travel tickets) to avoid the situation that customers devalue their prices.

5.6 For Sales staff factor

The company should stabilize the number of salespeople by regularly encouraging and caring about their spiritual life and difficulties in their work. The company regularly organizes competitions of achievement and compassion in accordance with excellent employees, improving welfare policies to guide employees to work and stick to the company for a long time. Regularly changing salespeople causes a lot of management and training costs and makes customers feel troublesome. Focusing on the recruitment of personnel, prioritizing candidates for long-term commitment is also a solution to stabilize the personnel of the sales staff.

The company needs to enhance the understanding for the sales staff about products and markets through meetings early each day. The exchange of working experience between North and South region employees should be organized quarterly. Improving the discipline of employees and complying with the requirements and rules of the company are also necessary. The sales staff should be aware of the effectiveness of the 9 steps in the sales process. They should fully implement the sales process at the store with 1-on-1 training sessions conducted by sales supervisors or regional supervisors.

Flexibly changing the visit schedule to stores should be implemented. Each salesperson is specified with which stores to visit and how many times each month. However, in fact, there are advanced stores, and salespeople can flexibly increase visits to sluggish stores. They need to recognize and reduce visits to avoid disturbing customers.

6 Conclusion

The study identifies six factors that affect retailers' satisfaction including *Supply of goods*, *Sales policy*, *Information to customer*, *Facilities and equipment support*, *Personal relationships*, and *Sales staff*. In particular, the most influential factor in retailers' satisfaction is *Sales policy*. On the basis of the obtained results, the study provides some solutions to enhance retailers' satisfaction with the P&G company's brands distribution policy.

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