

## ABSTRACT

The purpose of this study is to provide a better understanding of the distribution channels on two of the most important building materials, that is, cement and steel bars, in Malaysia.

Personal interview based on a questionnaire designed for the study were conducted on major cement and steel bar manufacturers in Malaysia. The surveys revealed the importance of distribution channels in the marketing of cement and steel bars as compared to pricing, product quality and promotion. It was also found that most manufacturers sell their produce mainly through distribution channel members (middlemen). These middlemen are needed for economic reasons. Their main functions are assuming the responsibility of risk taking, financing the costs of distribution and matching the needs of end users to those of manufacturers.

The study also found that despite employing an intensive distribution strategy, manufacturers carefully select their middlemen. The most important selection criteria of middlemen are their potential for growth, the number of years in business and their reputation in the market.