

## CHAPTER 4

### RESEARCH RESULTS

This chapter presents the results of the study. It entails a description of the respondents' general characteristics, the means scores and correlation test.

#### CHARACTERISTICS OF RESPONDENTS

TABLE 4.1 : RESPONDENTS CHARACTERISTICS

Characteristics		Number of Respondent	Percentage
1. Sex			
	Male	22	71.0
	Female	8	25.8
	Non response	1	3.2
	Total	31	100.0
2. Race			
	Malay	0	0
	Chinese	27	87.1
	Indian	1	3.2

TABLE 4.1 (CONTINUED)

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Others	0	0
Non response	3	9.7
Total	31	100.0

## 3. Age

21 - 25 years old	0	0
26 - 30 years old	2	6.5
31 - 35 years old	9	29.0
36 - 40 years old	12	38.7
41 - 45 years old	4	12.9
46 - 50 years old	1	3.2
51 years old and above	2	6.5
Non response	1	3.2
Total	31	100.0

## 4. Education level

Primary	0	0
Secondary	4	12.9
Tertiary	26	83.9
Non response	1	3.2
Total	31	100.0

TABLE 4.1 (CONTINUED)

## 5. Level of management

Senior management	17	54.8
Middle Management	13	41.9
Junior management	0	0
Non response	1	3.2
Total	31	100.0

## 6. Main product lines

Over-The-Counter	3	9.7
Prescription drugs	20	64.5
Medical Equipments	1	3.2
OTC & prescription	4	12.9
Prescription & equipment	2	6.5
OTC, Prescription & equipment	1	3.2
Total	31	100.0

## 7. Total number of products

1 - 10	1	3.2
11 - 20	10	32.3
21 - 30	9	29.0
31 - 40	3	9.7
41 - 50	2	6.5
50 and above	6	19.4
Total	31	100.0

TABLE 4.1 (CONTINUED)

## 8. Country of origin

Africa	0	0
Asia (except Japan)	2	6.5
Australia/New Zealand	3	9.7
Europe	17	54.8
Japan	1	3.2
North America	8	25.8
South America	0	0
Total	31	100.0

## 9. Annual turnover

RM 5.0 millions and below	4	12.9
RM 5.1 - 10.0 millions	10	32.3
RM 10.1 - 15.0 millions	6	19.4
RM 15.0 - 20.0 millions	3	9.7
RM 20.1 millions and above	7	22.6
Non response	1	3.2
Total	31	100.0

## 10. Paid up capital

RM 2.0 millions and below	11	35.5
RM 2.1 - 4.0 millions	2	6.5
RM 4.1 - 6.0 millions	2	6.5
RM 6.1 - 8.0 millions	0	0

TABLE 4.1 (CONTINUED)

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RM 8.1 - 10.0 millions	1	3.2
RM10.1 - 12.0 millions	2	6.5
RM12.1 - 14.0 millions	0	0
RM 14.1 and above	3	9.7
Non response	10	32.3
Total	31	100.0

## 11. Percentage of foreign equity

0 - 10.0 %	3	9.7
10.1 - 20.0 %	0	0
20.1 - 30.0 %	0	0
30.1 - 40.0 %	0	0
40.1 - 50.0 %	0	0
50.1 - 60.0 %	0	0
60.1 - 70.0 %	0	0
70.1 - 80.0 %	2	6.5
80.1 - 90.0 %	1	3.2
90.1 - 100 %	19	61.3
Non response	6	19.4
Total	31	100.0

## 12. Year of establishment in Malaysia

1 - 10 years	3	9.7
11 - 20 years	11	35.5

TABLE 4.1 (CONTINUED)

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21 - 30 years	10	32.3
31 years or more	7	22.6
Total	31	100.0

13. Is the company currently using a distributor ?

Yes	24	77.4
No	7	22.6
Total	31	100.0

14. Number of distributor used

One	19	61.3
Two	2	6.5
Three	2	6.5
More than three	0	0
Non response	8	25.8
Total	31	100.0

15. Satisfaction level with present distributor working with.

High	2	6.5
Above average	12	38.7
Average	9	29.0
Below average	0	0.0

TABLE 4.1 (CONTINUED)

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Low	1	3.2
Non response	7	22.6
Total	31	100.0

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31 respondents returned the questionnaires. 22 of the respondents are male, representing 71.0 %. Out of 31 person, 27 of them are Chinese (87.1 %), 1 Indian (3.2 %) and no Malay respond to the survey.

On the age group of the respondents, most of them are relative young, with the highest from the age group of 36 - 40 years old. This age group represent 38.7 %. The next highest group is from the age group 31 - 35 years old, representing 29.0 %.

In the case of education background, 83.9 % have tertiary education whereas the remaining have secondary education.

Although the questionnaires were earlier sent to The General Manager of each company, the result indicate that some of the questionnaires were not answer by senior managers. Out of 31 questionnaires, 17 respondents work in senior management and 13 work in middle

management.

64.5 % of the companies are selling prescription drugs. 9.7 % of the companies are selling over-the-counter (OTC) drugs. Few of the companies sell a combination of drugs, OTC and medical equipments. These companies mostly come from Europe (54.8%) and North America (25.8). Most of the companies are relative small, 35.5% of these companies only have paid up capital less than RM2.0 millions.

Out of 31 respondents, 24 of them are presently using a distributor, 19 of them are working with one distributor, 2 of them working with two distributors and 2 of them using three distributors. 6.5% of the respondents are highly satisfy with their present distributors, 38.7% said their distributors are above average, 29.0% rated average satisfaction level and only 3.2% think the satisfaction level is low.

### **MEAN SCORE**

TABLE 4.2 indicate the overall population score and ranking of the importance of selection criteria. The mean score for all 38 items were computed and ranked according to descending order. All the criteria were rated high. Mean score for the most important criteria is 6.32 for the criteria 'Fast product delivery'. Five items were rated above 6.00.



TABLE 4.2:  
POPULATION MEAN SCORE AND IMPORTANCE RANKING FOR EACH SELECTION  
CRITERIA

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(*)	<u>Selection Criteria</u>	<u>Mean Score</u>	<u>Importance of Ranking</u>
25.	Fast product delivery	6.3226	1
8.	Distributor can covers all key customers.	6.1613	2
11.	Coverage should include key customers and every related person.	6.0645	3
21.	Distributor has appropriate warehousing facility.	6.0323	4
7.	Distributor should have good reputation among current and past customers.	6.0000	5
24.	Charge a reasonable margin for distributorship	5.9677	6
9.	Distributor has branches in all major towns.	5.8387	7
31.	Have good connection with key customers.	5.8065	8
37.	Distributor should have good market knowledge	5.8065	8
20.	Distributor has ability to maintain sufficient inventory.	5.7742	9
29.	Be able to provide administrative assistance	5.6774	10
14.	The management has commitment to achieve sales target.	5.5484	11
30.	Have good connection with government official	5.5484	11
36.	You have control on overall distributor activities	5.5484	11

TABLE 4.2 (CONTINUED)

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26. Be able to provide technical advice to customers	5.4516	12
27. Be able to provide after sales service to customers	5.4194	13
34. Have a god credit policy to end customers	5.3548	14
4. Distributor does not carry conflicting product.	5.3226	15
3. Distributor's sales team should be technically competent.	5.2258	16
10. Distributor has different sales team for different customer category	5.1935	17
12. Distributor had been growing for the past five years.	5.1613	18
35. Have a good payment collection from customers	5.0968	19
1. Distributor should be able to finance future expansion and subsequent growth.	5.0323	20
23. Willingness to invest in product training.	5.0323	20
22. Willingness to invest in sales training.	4.9032	21
13. The management has an excellence marketing capability.	4.8710	22
38. Willingness to drop competing product lines	4.8710	22
6. Distributor carries complementary product.	4.8387	23
28. Be able to give product demo upon request	4.8387	23
19. Distributor has high acceptance of training assistance.	4.8065	24
2. Distributor has a big sales team.	4.7742	25
Distributor should be entrepreneurial.	4.7742	25

TABLE 4.2 (CONTINUED)

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33. Have the skill to negotiate	4.7097	26
18. Distributor is willing to spend on advertising and promotion	4.6774	27
32. Have the ability to conduct market research	4.6452	28
17. Distributor is willing to participate in trade exhibition.	4.5484	29
15. Type of leadership should be similar to your philosophy.	4.4194	30
5. Distributor carries compatible product.	4.3871	31

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(\*) Number of question in the original research questionnaire (APPENDIX 1).

These five criteria are listed according to its relative importance :

1. Fast product delivery.
2. Distributor can cover all key customers.
3. Coverage should include key customers.
4. Distributor has appropriate warehousing facility.
5. Distributor should have good reputation among current and past customers.

It can be understood that fast product delivery is very important as medication is vital for doctors to save life. Some drugs like painkiller and vitamins might not need such an urgency in delivery but for drugs like blood coagulation factor for hemophilia is extremely important to

be delivered fast, it not the patient can die off excessive loss of blood. Another reason why it is rated high might come from the worry the product used being substitute by competitor's product. If a drugs is unable to deliver within three days compare to competitor who can deliver within two days, doctors might use the latter if emergency arise.

Second and third criteria actually measured the same thing, which is the market coverage. Be able to cover more customer means having an edge in promotion and increase the potential sales. Some of the doctors and hospitals are situated far from big town like Kuala Lumpur and Petaling Jaya. Usually, the marketers want a distributor to be able to reach almost everybody. This is important for market penetration strategy. For products to reach Sabah and Sarawak, most of the companies would prefer somebody who can serve that area. Most of the pharmaceutical companies in Malaysia do not have an office in Sabah and Sarawak, this might explain the high importance of market coverage. In most cases, one of the difficult obstacles for manufacturers to face when entering foreign markets is the establishment of sales contacts with potential customers. Some companies may be completely out of their depth in terms of knowing how to find, establish, and maintain contacts with industrial customers in those market. One of the criteria asked in this study, 'Distributor should have good market knowledge' was rated 5.81. So, if the distributor can cover all key customers, not only they can have almost immediate contact, but also be able to provide a better market knowledge to the marketer.

For a lot of companies, warehousing is considered the most important criteria. Companies who sell heat sensitive products such as vaccine, enzyme, blood factors and hormone must have

proper warehousing facility. Beside the temperature, clean warehousing is important for drugs and medication. Imagine if one of the distributors not only distribute drugs, but also distribute dangerous industrial chemical, their is a danger of contamination.

Reputation of distributor can indicate the kind of service, type of facility and the kind of management and marketing skills. Reputation is built over a long period of time and it is earned rather than given. Few distributors are actually regional players, for example Zuellig Pharma, Jebsen & Jessen and Inchcape have offices in many countries in Asia Pacific. The reputation earned outside Malaysia always give these distributors some credibility of their services. Distributors need to be concerned with their firm's image as perceived by existing and potential customers because this can greatly influence the buyer's decision on which vendor to patronize. One can understands the level of the decision making process to purchase a unit of medical equipment costing more than RM1 million. The reputation of the company will indicate type of back up service anticipated. If we look at the criteria 'Be able to provide technical advice to customers' and 'Be able to provide after sales service to customers', they were rated 5.45 and 5.42 respectively by the respondents. Willets and Stephenson (1969) noted that buyers could discern small differences in supplier attributes, which, in turn, could translate into significant differences in purchasing activities. In Panitz's (1988) study, one of the factors of distributor image is from corporate attributes such as their pricing, accurate orders and timely delivery. Therefore, this is one important area where principal companies have to pay extra attention to.

19 criteria scored between 5.00 and 5.99. They were rated of high importance. The first five criteria in this category which is also the next five criteria of the 38 criteria are:

1. Charge a reasonable margin for distributorship.
2. Distributor has branches in all major towns.
3. Have good connection with key customers.
4. Distributor should have good market knowledge.
5. Distributor has ability to maintain sufficient inventory.

A reasonable margin is essential to motivate the distributor. But if the margin charge is not reasonable, it might make the company less competitive. With lesser profit, markets can not spend more on the functions such as in advertising and promotion dollar. As mentioned by some United State companies, most the their foreign distributors also represent other competing product, they frequently push whatever brand offers the best margin (Business Week, 1988). According to some local pharmaceutical managers, local distributors charge a margin on the selling price of the products between 8% to 15%. Although the independent distributor does not represent a direct cost to the principal, the margin the distributor earns represents an opportunity that is lost to the principal. In most cases, these foreign companies do not have other alternative, as the set up cost of an subsidiary is high. A reasonable margin therefore is important to these pharmaceutical companies.

Distributor has branches in all major towns is basically related to geographical coverage.

This is an important criteria, because products must be brought into relatively close proximity to customers if they are to have convenient access to them. This is especially true for OTC drugs such as pain killer and mouth wash. This criteria was shown by Rosenbloom and Larsen (1992) in their study on United State manufacturers.

Having good connection with key customers is important especially when selling expensive products such as medical equipments that cost several thousands to over million Ringgit. 'Political' problems occur when products necessitate large capital outlays, since there are always allocational rivals for funds. More frequently, political problems arise when the product is an input to several department whose requirements may not be congruent. Some industry source said, if you know more of decision makers, the easier will be the whole process. This reason might partially explain the reason this criteria was rated high. In the study by Brown and Herring (1995), they mentioned that distributors than know how to 'play' the local political climate can benefit manufacturer's product. The company studied by Brown and Herring (1995) keep good relations with its local Member of Parliament, whose lobbying on principal behalf has helped in the past with certain problems.

Most of the pharmaceutical companies are foreign companies. Keeping sufficient inventory can prevent stock out and also to prevent brand switching by customers. Because shipping products in small quantities over the great distances involved in international marketing can be highly inefficient and costly. Direct contact between principal and end customer will be impossible in most cases. The use of distributor to serve a relative small orders from local end

customers will solve the problem. In order to achieve this, distributor need to maintain sufficient inventory. This can reduce the waiting time after ordering by end users and always to prevent creating opportunity to competitor due to stock out.

14 criteria scored between 4.00 and 4.99. They are rate of moderate importance. The first five criteria are:

1. Willingness to invest in sales training.
2. The management has an excellence marketing capability.
3. Willingness to drop competing product lines.
4. Distributor carries complementary product.
5. Be able to give product demonstration upon request by customers.

Although the last criteria on the list is 'Distributor carries compatible product', the mean score is still considered high at 4.39.

Because of limited sample size, the analysis for individual item is made difficult. Therefore, to make the analysis more readable, some of the categories with low cell values were collapsed and reclassified (TABLE 4.3). For example, to compare the ranking for companies using different number of distributor, two groups are compared. The usage of distributor is regrouped into :



1. One distributor only.
2. More than one distributors.

TABLE 4.3 :

MEAN SCORE AND IMPORTANCE RANKING FOR COMPANY USING DIFFERENT NUMBER OF DISTRIBUTOR

<u>Selection Criteria</u>	One Distributor Only	More than One Distributor
	<u>Mean Score</u>	<u>Mean Score</u>
1. Distributor should be able to finance future expansion and subsequent growth.	4.3158	6.0000
2. Distributor has a big sales team.	4.8947	4.2500
3. Distributor's sales team should be technically competent.	4.9474	6.5000
4. Distributor does not carry conflicting product.	5.1053	6.0000
5. Distributor carries compatible product.	4.5789	4.5000
6. Distributor carries complementary product.	4.7895	6.0000
7. Distributor should have good reputation among current and past customers.	5.9474	6.0000
8. Distributor can covers all key customers.	6.2632	5.7500
9. Distributor has branches in all major towns.	5.7895	5.7500
10. Distributor has different sales team for different customer category	5.1579	4.5000
11. Coverage should include key customers and every related person.	6.2105	5.5000
12. Distributor had been growing for the past five years.	5.1053	5.0000
13. The management has an excellence marketing capability.	4.5789	5.5000
14. The management has commitment to achieve sales target.	5.3684	6.0000
15. Type of leadership should be similar to your philosophy.	3.8421	5.5000
16. Distributor should be entrepreneurial.	4.4211	4.5000
17. Distributor is willing to participate in trade exhibition.	4.3684	4.7500
18. Distributor is willing to spend on advertising and promotion	4.3158	5.0000
19. Distributor has high acceptance of training assistance.	4.2632	5.0000

TABLE 4.3 (CONTINUED)

20. Distributor has ability to maintain sufficient inventory.	5.7995	5.5000
21. Distributor has appropriate warehousing facility.	6.0526	5.7500
22. Willingness to invest in sales training.	4.6316	5.2500
23. Willingness to invest in product training.	4.7895	5.2500
24. Charge a reasonable margin for distributorship	6.1579	5.5000
25. Fast product delivery	6.4737	5.5000
26. Be able to provide technical advice to customers	5.3684	5.2500
27. Be able to provide after sales service to customers	5.1053	6.0000
28. Be able to give product demo upon request	4.6316	5.0000
29. Be able to provide administrative assistance	5.6316	5.2500
30. Have good connection with government official	5.5789	4.7500
31. Have good connection with key customers.	5.8421	5.2500
32. Have the ability to conduct market research	4.5263	4.0000
33. Have the skill to negotiate	4.4737	4.7500
34. Have a good credit policy to end customers	5.2105	5.2500
35. Have a good payment collection from customers	4.8421	5.0000
36. You have control on overall distributor activities	5.6316	5.5000
37. Distributor should have good market knowledge	5.8947	5.2500
38. Willingness to drop competing product lines	4.6842	4.7500

Total number of companies products were collapsed and regrouped into two groups. Companies with less than 21 products were grouped into one group. This is shown as TABLE 4.4.

**TABLE 4.4 :**  
**MEAN SCORE AND RANKING OF IMPORTANCE FOR COMPANY WITH DIFFERENT**  
**TOTAL NUMBER OF PRODUCTS**

<u>Selection Criteria</u>	<u>≤ 20 products</u>	<u>&gt; 20 products</u>
	<u>Mean Score</u>	<u>Mean Score</u>
1. Distributor should be able to finance future expansion and subsequent growth.	3.5455**	5.8500
2. Distributor has a big sales team.	5.0000	4.6500
3. Distributor's sales team should be technically competent.	5.6364	5.0000
4. Distributor does not carry conflicting product.	5.0000	5.5000
5. Distributor carries compatible product.	4.4545	4.3500
6. Distributor carries complementary product.	5.4545	4.5000
7. Distributor should have good reputation among current and past customers.	5.8182	6.0000
8. Distributor can covers all key customers.	6.3636	6.0500
9. Distributor has branches in all major towns.	6.2727	5.6000
10. Distributor has different sales team for different customer category	4.9091	5.3500
11. Coverage should include key customers and every related person.	6.2121	5.9500
12. Distributor had been growing for the past five years.	4.8182	5.3500
13. The management has an excellence marketing capability.	4.5455	5.0500
14. The management has commitment to achieve sales target.	5.0909	5.8000
15. Type of leadership should be similar to your philosophy.	3.0000	5.2000
16. Distributor should be entrepreneurial.	3.4545	5.5000
17. Distributor is willing to participate in trade exhibition.	4.1818	4.7500
18. Distributor is willing to spend on advertising and promotion	4.4545	4.8000
19. Distributor has high acceptance of training assistance.	4.3636	5.0500
20. Distributor has ability to maintain sufficient inventory.	5.6364	5.8500
21. Distributor has appropriate warehousing facility.	5.7273	6.2000
22. Willingness to invest in sales training.	4.8182	4.9500
23. Willingness to invest in product training.	5.1818	4.9500

TABLE 4.4 (CONTINUED)

24. Charge a reasonable margin for distributorship	6.0909	5.9000
25. Fast product delivery	6.2727	6.3500
26. Be able to provide technical advice to customers	5.6364	5.3500
27. Be able to provide after sales service to customers	5.3630	5.4500
28. Be able to give product demo upon request	4.2727	5.1500
29. Be able to provide administrative assistance	5.3636	5.8500
30. Have good connection with government official	5.0000	5.8500
31. Have good connection with key customers.	5.4545	6.0000
32. Have the ability to conduct market research	4.1818	4.9000
33. Have the skill to negotiate	4.1818	5.0000
34. Have a good credit policy to end customers	4.6364	5.7500
35. Have a good payment collection from customers	4.4545	5.4500
36. You have control on overall distributor activities	6.0000	5.3000
37. Distributor should have good market knowledge	5.3636	6.0500
38. Willingness to drop competing product lines	4.0000	5.3500

The result of ranking for company with different total number of products is shown in TABLE 4.4. The most important criteria for company with less than 21 products is 'distributor should covers all key customers'. For company with more than 20 products, the most important criteria is 'fast product delivery'.

The total number of product lines were collapsed and regrouped into two groups. Companies whose sell more than one product lines were put into the same group. The summary of the ranking is shown in TABLE 4.5.

TABLE 4.5 :

MEAN SCORE AND IMPORTANCE RANKING FOR COMPANY WITH DIFFERENT  
PRODUCT LINES.

<u>Selection Criteria</u>	One product line	> one product line
	<u>Mean Score</u>	<u>Mean Score</u>
1. Distributor should be able to finance future expansion and subsequent growth.	5.0833	4.8571
2. Distributor has a big sales team.	4.6667	5.1425
3. Distributor's sales team should be technically competent.	5.2917	5.0000
4. Distributor does not carry conflicting product.	5.3333	5.2857
5. Distributor carries compatible product.	4.3750	4.4286
6. Distributor carries complementary product.	4.9583	4.4286
7. Distributor should have good reputation among current and past customers.	6.0833	5.7143
8. Distributor can covers all key customers.	6.2917	5.7143
9. Distributor has branches in all major towns.	5.8750	5.7143
10. Distributor has different sales team for different customer category	5.2500	5.0000
11. Coverage should include key customers and every related person.	6.6166	5.7143
12. Distributor had been growing for the past five years.	5.2083	5.0000
13. The management has an excellence marketing capability.	4.8333	5.0000
14. The management has commitment to achieve sales target.	5.6250	5.2857
15. Type of leadership should be similar to your philosophy.	4.3750	4.5714
16. Distributor should be entrepreneurial.	4.7500	4.8571
17. Distributor is willing to participate in trade exhibition.	4.5833	4.4286
18. Distributor is willing to spend on advertising and promotion	4.6250	4.8571
19. Distributor has high acceptance of training assistance.	4.8333	4.7143
20. Distributor has ability to maintain sufficient inventory.	5.8750	5.4286
21. Distributor has appropriate warehousing facility.	6.2500	5.2857
22. Willingness to invest in sales training.	4.9167	4.8571

TABLE 4.5 (CONTINUED)

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23. Willingness to invest in product training.	5.0417	5.0000
24. Charge a reasonable margin for distributorship	6.1250	5.4286
25. Fast product delivery	6.4583	5.8571
26. Be able to provide technical advice to customers	5.5417	5.1429
27. Be able to provide after sales service to customers	5.3750	5.5714
28. Be able to give product demo upon request	4.9167	4.5714
29. Be able to provide administrative assistance	5.7917	5.2857
30. Have good connection with government official	5.7083	5.0000
31. Have good connection with key customers.	5.8750	5.5714
32. Have the ability to conduct market research	4.6667	4.5714
33. Have the skill to negotiate	4.7917	4.4286
34. Have a good credit policy to end customers	5.4583	5.0000
35. Have a good payment collection from customers	5.0833	5.1429
36. You have control on overall distributor activities	5.6250	5.2857
37. Distributor should have good market knowledge	5.8750	5.5714
38. Willingness to drop competing product lines	4.8333	5.0000

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The result of ranking for company with different product lines is shown in TABLE 4.5. If the company only has one product line, for example, OTC or prescription drugs only, the most important selection criteria is 'coverage should include key customers and every related person'. Whereas for companies with more than one product line, the most important selection criteria is 'fast product delivery'.

Country of origin were regrouped. Asia, Japan, Australia and New Zealand were grouped into the same group. The ranking of importance is shown in TABLE 4.6.

TABLE 4.6 :

MEAN SCORE AND IMPORTANCE RANKING FOR COMPANY FROM DIFFERENT GEOGRAPHICAL REGION.

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	Asia-Jap-Aus/NZ	Europe	N. America
<u>Selection Criteria</u>	<u>Mean Score</u>	<u>Mean Score</u>	<u>Mean Score</u>
1. Distributor should be able to finance future expansion and subsequent growth.	5.3333	4.8235	5.2500
2. Distributor has a big sales team.	4.8333	4.8824	4.5000
3. Distributor's sales team should be technically competent.	5.8333	5.0588	5.1250
4. Distributor does not carry conflicting product.	5.5000	5.2941	5.2500
5. Distributor carries compatible product.	4.5000	4.6471	3.7500
6. Distributor carries complementary product.	5.5000	4.6471	4.7500
7. Distributor should have good reputation among current and past customers.	5.5000	6.0588	6.2500
8. Distributor can covers all key customers.	5.3333	6.4706	6.1250
9. Distributor has branches in all major towns.	5.8333	6.1176	5.2500
10. Distributor has different sales team for different customer category	5.8333	5.0000	5.1250
11. Coverage should include key customers and every related person.	6.0000	6.1765	5.8750
12. Distributor had been growing for the past five years.	5.5000	4.8824	5.5000
13. The management has an excellence marketing capability.	5.1667	4.7059	5.0000
14. The management has commitment to achieve sales target.	5.6667	5.2353	6.1250
15. Type of leadership should be similar to your philosophy.	4.1667	3.8824	5.7500
16. Distributor should be entrepreneurial.	5.1667	3.9412	6.2500
17. Distributor is willing to participate in trade exhibition.	4.6667	4.1765	5.2500
18. Distributor is willing to spend on advertising and promotion	5.1667	4.5882	4.5000
19. Distributor has high acceptance of training assistance.	4.8333	4.2941	5.8750
20. Distributor has ability to maintain sufficient inventory.	6.0000	5.5882	6.0000
21. Distributor has appropriate warehousing facility.	6.0000	6.0000	6.1250
22. Willingness to invest in sales training.	4.8333	5.0588	4.6250
23. Willingness to invest in product training.	5.0000	5.1765	4.7500
24. Charge a reasonable margin for distributorship	5.3333	6.0588	6.2500

TABLE 4.6 (CONTINUED)

25. Fast product delivery	6.0000	6.3529	6.5000
26. Be able to provide technical advice to customers	5.3333	5.3529	5.7500
27. Be able to provide after sales service to customers	5.0000	5.4706	5.6250
28. Be able to give product demo upon request	4.5000	4.6471	5.5000
29. Be able to provide administrative assistance	6.1667	5.5882	5.5000
30. Have good connection with government official	5.1667	5.6471	5.6250
31. Have good connection with key customers.	5.1667	5.8824	6.1250
32. Have the ability to conduct market research	4.8333	4.4118	5.0000
33. Have the skill to negotiate	4.667	4.2353	5.7500
34. Have a good credit policy to end customers	5.1667	5.2941	5.6250
35. Have a good payment collection from customers	4.8333	4.9412	5.6250
36. You have control on overall distributor activities	5.6667	5.4706	5.6250
37. Distributor should have good market knowledge	5.1667	5.8824	6.1250
38. Willingness to drop competing product lines	4.6667	4.7059	5.3750

The country of origin for pharmaceutical companies show that the most important selection criteria are not the same as in TABLE 4.6. For companies from Europe, they think 'coverage for all key customers' is the most important criteria. North American think 'fast product delivery' is the most important criteria. Companies from countries others than Europe and North America think 'administrative assistance' is the most important criteria.

Turnover of the companies were collapsed and regrouped into two groups. Companies with annual turnover RM10.00 millions and below were grouped into one group. This is shown in TABLE 4.7.



TABLE 4.7 :

MEAN SCORE AND IMPORTANCE RANKING FOR DIFFERENT TURNOVER GROUP.

<u>Selection Criteria</u>	≤ RM10.0 millions	> RM10.0 millions
	<u>Mean Score</u>	<u>Mean Score</u>
1. Distributor should be able to finance future expansion and subsequent growth.	4.7143	5.2500
2. Distributor has a big sales team.	5.0000	4.6250
3. Distributor's sales team should be technically competent.	5.2143	5.0000
4. Distributor does not carry conflicting product.	4.9286	5.5625
5. Distributor carries compatible product.	4.5000	4.3125
6. Distributor carries complementary product.	4.8571	4.5625
7. Distributor should have good reputation among current and past customers.	6.0000	6.0625
8. Distributor can covers all key customers.	6.0000	6.3750
9. Distributor has branches in all major towns.	5.9286	5.8125
10. Distributor has different sales team for different customer category	5.2143	5.2500
11. Coverage should include key customers and every related person.	6.2857	5.9375
12. Distributor had been growing for the past five years.	5.0000	5.3125
13. The management has an excellence marketing capability.	4.5000	5.2500
14. The management has commitment to achieve sales target.	5.2857	5.8125
15. Type of leadership should be similar to your philosophy.	3.7857	5.0625
16. Distributor should be entrepreneurial.	4.0714	5.5000
17. Distributor is willing to participate in trade exhibition.	4.1429	4.9375
18. Distributor is willing to spend on advertising and promotion	4.3571	5.0000

TABLE 4.7: (CONTINUED)

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19. Distributor has high acceptance of training assistance.	4.3571	5.2500
20. Distributor has ability to maintain sufficient inventory.	5.5000	6.0000
21. Distributor has appropriate warehousing facility.	5.8571	6.1875
22. Willingness to invest in sales training.	4.8571	4.9375
23. Willingness to invest in product training.	5.1429	4.9375
24. Charge a reasonable margin for distributorship	6.2857	5.7500
25. Fast product delivery	6.2857	6.4375
26. Be able to provide technical advice to customers	5.6429	5.3750
27. Be able to provide after sales service to customers	5.5714	5.2500
28. Be able to give product demo upon request	4.5714	5.0625
29. Be able to provide administrative assistance	5.7143	5.6250
30. Have good connection with government official	5.5000	5.6875
31. Have good connection with key customers.	5.7857	5.9375
32. Have the ability to conduct market research	4.2143	5.1250
33. Have the skill to negotiate	4.1429	5.2500
34. Have a god credit policy to end customers	4.9286	5.7500
35. Have a good payment collection from customers	4.5000	5.6875
36. You have control on overall distributor activities	5.9286	5.2500
37. Distributor should have good market knowledge	5.7857	5.9375
38. Willingness to drop competing product lines	4.1429	5.5000

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The result for turnover grouping is shown in TABLE 4.7. Companies with annual turnover less than RM10.0 millions think three criteria are the most important in the selection process. These criteria are :

1. Coverage should include key customers and every related person.
2. Charge a reasonable margin for distributionship.
3. Fast product delivery.

For companies with annual turnover more than RM10.0 millions, the most important selection criteria is 'fast product delivery'.