

CHANNEL OF DISTRIBUTION AND ITS LOCATION

This chapter is a discussion on the channel of distribution of the Co-op, the supply route of its competitors and the satisfactoriness or otherwise of its location, along with suggestions for a better location and distribution channel.

Present channel of distribution

The main store located in the Students Union Canteen is meant to cater for the entire University student population during the day time whereas the branch store, located in the 3rd Residential College caters mainly for the female residents. Since the Co-op carries on the trade of retail general dealers for the benefit of the members and non-members, by purchasing at wholesale prices and selling them at retail prices or a bit below it, the channel of distribution is the shortest possible.

Supply route of competitors

One thing which the Co-op management committee fails to take into consideration is the supply route of its competitors, those from without the Campus, namely Kuala Lumpur proper and Petaling Jaya and that from within the Campus, the private store in the 4th Residential College. Everything should be considered and tackled by the normal business approach because the Co-op does not possess the whole monopoly in all the products sold, although it does monopolise the sale of writing pads and envelopes bearing the University crest. The Co-op is competing with others for the students outlay, especially with the private store in the 4th College which caters the needs of the 4th College residents, a potential of 305 customers. This store is run by the brother of the salesman employed by the Co-op and the latter has a substantial share in it. This private store is undesirable because it is robbing the Co-op's potential customers.

Management should therefore consider the supply routes of this private store, the prices and products it offers for sale. After these considerations, Management should use persuasion, by applying better promotional methods and also choose a price which is, if possible, a little below the prices prevailing at the private store.

There is a possibility of a price increase in some of the products sold at the private store.¹ When this happens the Co-op

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1. The owner complained that he could not make a reasonable amount of profit at present prices.

should step in and go to the customers by the new set-up as suggested under "LOCATION". In this way, the Co-op can attract more customers and boost up the volume of sales.

LOCATION

Main store

Locationwise, the Co-op located in the canteen is quite central for the first and second residential colleges, but when one considers the physical distance, location is still unsatisfactory for these two colleges and the 4th College. The 3rd College is excluded because a separate branch store caters for the residents.

Generally, the residents, both members and non-members, are not so much interested in the Co-op itself as in the convenience which the Co-op can provide them with their requirements. The physical distance decreases the potential sales of the Co-op because residents tend to ask their friends to get their requirements for them when the latter goes to town.

Another supplementary factor contributing to the small volume of sales made at the canteen is the time of sales. The store closes at 5.00 p.m. Students prefer to get their requirements in the evenings, around 6.00 p.m. or so when it is more cooling and that is when students take their evening stroll. This inconvenience is a hindrance because it is not conducive to college residents in general.²

Branch store

The branch store located in the 3rd Residential College is very convenient and satisfactory for the residents of the college because it is near to the market it intends to serve. Nevertheless a lot of potential sales are lost by its not catering for the 305 potential customers from the 4th College. Management should have realised from the beginning that patronage habits could have been secured by effective promotional efforts. Present management intends to cater for these residents but such a venture would be unworthy unless it can win the co-operation of the residents. The private store is more convenient to the residents.

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2. This conclusion was arrived at after interviewing some college residents picked at random, both members and non-members. Main complaint was that they could not care to walk that far, unless it was in the cool evenings.

Everything said so far applies to the resident students only. What about the non-residents? The main store is meant for catering the entire student population and members of the academic staff, but only an insignificant number of non-resident are members. As such any increase in sales due to more purchasing by non-residents (mostly non-members) is definitely going to benefit the Co-op. More purchases will increase the revenue and capital of the Co-op and if it brings about larger profits the members will benefit when there is a distribution of profits, especially in the form of rebates on patronage. All these are very desirable and tempting but location is not conducive towards this achievement.

The store is frequented only by a small proportion of the non-residents. These are the ones who are 'forced' to have their lunch in the canteen because of shortage of time. This is especially so with the Science students who have to do practical work in the afternoon. Only a small proportion of the non-residents visit and purchase from the Co-op because of its unsatisfactory location. It does not reflect itself as a separate entity from the canteen. Students are under the wrong impression that this store belongs to the canteen. Since prices charged on edibles are rather exorbitant, students feel that this will be so with the products at the store. This reflects on the promotional efforts put out by the management with respect to informing the students.

Non-hostellites in general refrain from visiting the canteen. Many reasons account for this:-

- 1) The girls usually bring their lunch along to the University because the distance from the various faculties to the canteen is quite considerable.
- 2) The lunch and hot drinks supplied in the canteen are very unsatisfactory. Despite the high prices charged, they lack variety, quality and even quantity. As a result the boys travel to the eating shops along Bungsar Road and Brickfields where they can have their fill with lesser payments.

This loss of patronage by the canteen indirectly affects the Co-op because it also means a lack of patronage to the Co-op and a serious drop in potential sales, especially from impulse buying.

- 3) Time of sales is a hindrance to potential sales too. Lunch break for the salesman is 1 p. m. At this hour he is no where to be seen. Sales cannot be made when there are potential customers but without salesman to serve them.

All these factors show that the Co-op is not properly orientated towards increasing the volume of sales. Management should be more active and check on the salesman to see that he adheres to the stipulated time. It should also try and alter the lunch break hour so that the store is orientated to serve a greater proportion of the students during the day time and thereby creating new opportunities for increasing sales.

SUGGESTION FOR A BETTER LOCATION

The Co-op should be central - locationwise - for the three main faculties, namely the Arts, Engineering and Science faculty, the school of Education and the Library which is the central gathering place for all the students. This location concerns the day time only. The store should be set up somewhere between the Library and the Science faculty car-park. This requires a moderate and low-cost shop house. Although initial expenses will be quite high, it will benefit the Co-op in the long run.

If separately set-up, the Co-op will distinguish itself as a separate entity from the canteen and thereby dispose off the wrong impression formed in many a student's mind. Moreover, since more students will frequent or be attracted to it, when they go to the Library, the car-parks or immediately after lectures, there is a possibility of increasing customers and sales. This will also allow the Co-op to expand its products, both in variety and quantitatively. Impulse goods and drinks for example, can be introduced as a new line. If successful, an increase in membership is possible because students, as is human, might want to share in the success. All these are looked at from a long term view point.

If the management committee considers it too expensive an approach, then there is an alternative. They should approach the authorities concerned and rent some space in the Arts Concourse for setting up the store. In this way, it can also be reached by the majority of the students during the day. The snag here is that there is a possibility that students might misbehave and disturb the peace prevailing in the Administrative block.

Such a suggested set up is intended to cater for the student population during the day time, especially the non-hostellite who are difficult to reach otherwise. To ensure that college residents are reached, the Branch store should be given the responsibility. Management should carefully pick out the active and dedicated members from the college and try out a new channel of distribution.

By hiring the Union Van at 40 cents per mile, the branch store can go to the customers in the different colleges in the evenings. The necessary and convenience goods could be loaded on to the van by a few members and then two members need really take charge of sales when they arrive at the various colleges. Time of sales could be an hour per day and twice per week in each of the different colleges. Even here, prior announcements about the sales should be made to the

students. This is the responsibility of the various representatives from their respective colleges. A roster can be drawn up for the members to take charge of sales in rotation.

Conclusion

Everything points to the fact that Co-operation among the student population, especially the members, is very essential for the success of the Co-op. The virtue of loyalty to the Co-op should be cultivated. Such a set-up will fulfil the objective of catering for the student population in general. However, management should look at the long run and not merely the immediate future. The University is a young and expanding one, and as such, the future student population will swell. This means a swell in the number of potential customers and every possibility for an increase in sales to improve the overall health of the Co-op.

