OPTIMIZING PRODUCT PORTFOLIO OF CAPILLARY DISTRIBUTION COMPANIES

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Abstract
Essentially purpose of any business is to gain profits with most appropriate activities and investing that distribution companies are no exception to this rule. Distribution is one of basic element of marketing tactics that along with other factors such as product, price, promotion use to persuade customers. Effective distribution can be a competitive advantage of an enterprise to its competitors. Capillary distribution is delivering products to the final seller. The distribution of capillary is based on inspired by blood flow distribution system in living bodies. This paper is about optimizing product portfolio of capillary distribution companies.

Keywords: Capillary Distribution, Product Portfolio, Distribution Management

1. Introduction
Wrong mental Imagine from process of distributing is always one of the problems in companies active in the distribution industry. This issue causes companies to take steps in the wrong direction. However they increase its efforts to develop, in addition to much resources (due to grow firms) will have more trouble. Distribute, deliver the right product at the right time and convenient place to customers is goal. Distribution is one of the basic marketing tactics that along with other factors such as product, price, and communications, are employed to persuade customers. Effective distribution can be a competitive advantage of an enterprise over its competitors. Undoubtedly capillary distribution companies are one of the most important roles in the distribution of product in the country. Capillary distribution system is a system that marketing with regular inspection in time intervals specified to their customers inform from consumer product and their product offers to customers based on needs of their sales area.

In the design of a capillary distribution network, the information that is needed to create the most profitable network is the number of deliveries and collections for each area, and the weight of the different deliveries and collections. From the number of deliveries and collections, a manager will know the number of vehicles he needs for each area, and depending on the weight of the collections and the deliveries, the type of vehicles that are needed (Martín1, Maciá,,2012).
2. Literature of Review

2.1. Essential Tips in completing the company's product portfolio

A: Creating the right combination of product in the basket of product companies
In general convert optimal product portfolio of producers to optimal product portfolio of customer is one of specialist networking tasks of distribution and sale (distribution companies and other intermediaries). In this regard, distribution companies and other intermediaries is considered creating appropriate product portfolio that can provide a significant portion of customer needs. Today, in order to facilitate customer buying, distribution companies and other intermediaries are trying to distribute relatively complete portfolio of product required to customers.

B: Avoid crowds and being large product portfolio
Complement or match portfolio product of company doesn’t means distribution of any products with any quality, because usually every shop certain parts of its required product can provide from a set of distribution according to credit limit and paid Czech, brands and combinations of available products in company portfolio of distribution of company and …. On the other hand bulking of the company's product portfolio increases storage costs, waste, and control of the company and in long-term has usually encountered a problem in a refund of the purchased product in the company. In this field it can be noted to companies that placed more than 800 product in their products portfolio, While less than 20 percent of the product are in good condition to participate in the company's product portfolio and the rest of available goods, except bustle of the commodity portfolio of companies and the consequent problems do not have another benefit to them (Hosseini & et al, 2009).

2.2. Items considered in the completion of product portfolio:

So companies that are active in science, in its complete product portfolio consider the following items:

1) Many sales of product
The main purpose of the collection is distribution and sale of product in a significant proportion of the target market, then being the best selling product available in company's product portfolio, in term of type of products and In term of brands in order to provide expenses of the company and creating profits is the major issues in the company's complete product portfolio. Product that have low turnover don’t achieve except bustle of product portfolios and increasing the cost of storage.

2) Profitability of product
Product available in product portfolios of company, in addition to many sales of goods, must be have appropriate profit margins for the company in order to provide profitability fields of set that according to the product type, at attractive of brand of product in market, the volume of demand for goods, the proportion of the volume and price of the goods, the amount of cash discounts and volume in industry and … would be different.
3) Being compete of product
Due to intensity of competition in the market for different products and strong distribution and manufacturing companies in various industries, the most important factor in choosing products to complete product portfolio, Competitiveness of product in term of various aspects such as the brand, product price for the shopkeeper and the consumer, the retailer's profit margin, the quality of products and … is according to target market of distribution companies.

4) Capability of Distribution Company's distribution network for distributing a specific product
Another major problem in selecting product to complete the company's product portfolio is capability distribution of product through the distribution network of the company, according to type of product portfolio, target market of companies, limitations and capabilities of the company, the cost of its distribution and ....

5) Refund period of product purchased payment
In today's market, one of the most important issues facing companies according to severity of competitive and … is refund period of product purchased payment by the company. Today, the refund period is one of the essential factors to promote sales of companies that it is also very important for customers. Of course company may also buy a strategic commodity in cash, but however, payment period is considered one of main factor in buying or selling of goods. It is explained that in today's market, customers, longer refund period of product purchased considered in calculating Product profitability (Moghadam et al, 2009).

2.3. Distribution
Distribute is to deliver appropriate product at the right places at the right time to target customer. Distribution is one of basic element of marketing tactics that along with other factors such as product, price, promotion use to persuade customers. Effective distribution can be a competitive advantage of an enterprise to its competitors. A distribution system should be carried out five main classes of tasks as follows:
- storage and storeroom for distribution
- Receiving orders from customers
- Delivery of product to customers
- debt collection
- Control and get information from the market

Decision making about product selling and distribution channels is including the most important decisions facing managers. Decision about the distribution of product has a direct impact on other marketing decisions.

2.4. Physical Distribution Management
Physical distribution management is in relation to ensure the product manufacturing in suitable time and place that is prominent aspects of the marketing management of public. More marketing experience is inspired by the military field. During World War II and the Korean and Vietnam wars, management support officers extensively have used physical distribution for food, weapons, medicine ... from all over the world to the war regions.
Military skills that marketing was used for physical distribution management, nowadays is called logistic. In the past, large holdings of product and raw materials were common for organizations. Inventory management, due to a direct effect on sales and marketing managers is considered in an important issue in physical distribution management (Ghazanfari 2008).

2.5. Different Distribution Networks
2.5.1. Product distribution through a network of wholesale distribution
Advantages
1- Distribution costs are low in this technique and decrease the product costs and or will increase retailer profit margins.
2- Lot of small businesses and distribution centers are provided through a network of wholesale distribution.
Disadvantages:
1. due to specific ways in cash and credit market product are often selling much lower than its actual price and dominated product pricing strategies in markets and so, the product will smite.
2. Companies have no control over the marketing and distribution practices.
3. Risk refund payment product sold increases.
4. Distribution network of companies is as quasi-exclusive in wholesalers that it is dangerous for the long term and virtually company is not known distribution of product mechanism.

2.5.2. Complex of production and independent distribution network
Basically, the owners of capital and market experts are well aware of the disadvantages of the large distribution companies and last year country always has been saw the birth of distribution companies in the manufacturing complex that it continues to this day. In the past, manufacturing complexes produce a large number of product with famous brand in the country, with awareness of excellent importance distribution strategy and product destined and creating access to product for the customer and control distribution methods and product market, and many others launched a series of specialized distribution companies that currently this series is considered as strong and reliable companies of distribution in the country. It is important to realize that typically large manufacturing companies have independent distribution network, usually have the more prestigious brands and are more active in the market and create huge profits from the sale of products for their plants.

2.6. Capillary Distribution
Capillary distribution is delivering products to the final seller. The distribution of capillary is based on Inspired by blood flow distribution system in living bodies. So that according to human anatomy, body's blood flow is started from the heart and then veins and arteries by capillaries pass to all parts of the human body. The significant point is that flow obtained of heart starts as beating center and active and this key point is in categories a capillary distribution network of product and services. Capillary distribution can be expressed in a manner that should distribute product and services from a center that can be company or any of its agencies and start constant and uninterrupted and continuous flow. Capillary
distribution is system and thought that should be seriously considered by all businesses. Capillary distribution isn’t only specific the food industry and health and beauty products Supplier Company (Hosseini et al, 2009).

Advantages of Capillary distribution:
1 - Collect more accurate and more up to date information on the market
2 - More coverage of market
3 - Greater communication with customers
4 - Reducing risk of losing customers
5 - Reduce the loss of money
6 - Increasing the bargaining power of company
7 - Reducing the possibility of the formation of new competitors
8 - Reducing price
9 - The steady stream of liquidity
10 - The possibility of more delegating to branches

Disadvantages of Capillary distribution
1 – It is extensive and costly, in result management and coordination of this system is a little difficult.
2 - Occasionally there aren’t possible the expansion of the capillaries to some places.

3. Conclusion
Given the importance and necessity of the physical distribution that its importance is placed in the other elements of the marketing mix, it can be said that life of manufacturer and company is depend on distribution of its products and it is inevitable and whatever company is more successful in distributing, In other strategy will be to succeed. Meanwhile capillary distribution as a new way to distribute is very efficient and helpful in some industry and branches of production and cannot be avoided towards this approach. Because customers thought towards enhanced welfare and however multitude of competitors, pay more attention to customers and popularity of customer is undeniable. Capillary distribution network will be completed and will do their utmost, if form in dynamic system.

References
