



Case Study: Marketing

The Chairman of Maxwell Corporation is considering whether the company should set up its own distribution system or whether it should outsource the entire distribution and logistics function to a third party service provider. The company has set up a manufacturing plant at Vizag where a wide range of orthopedic equipments, viz., crutches wheelchairs, walker's back-braces, heating pads. Elastic bandages, canes, knee braces, shoulder braces and s forth are manufactured. Presently the finished goods warehouse is located at Vizag itself and the products are sent to all major towns in India as a point-to-point dispatch. The company is supplying these equipments directly to retail stores at all these locations. Marketing activity is headed by a General Manager, Marketing, based at Vishakhapatnam who is supported by a sales team comprising of sales officers. The company is not resorting to advertisements and publicity though the products of the company are fairly well known. But it is felt that all the customers want quick response to their orders as the products are catered to emergency patients. But, these retail outlets carry only very limited inventories. This is due to the fact that most of the products come in a variety of styles, shapes and sizes and the requirement is more customer driven and keeping even a moderate inventory of all types is economically not viable and leads to a development of dead stocks in the long run. The company is looking at various options which include:

1. Setting up of hub and spoke type of a distribution network wherein it proposes to set up a stock point or mother warehouse in each zone, viz., East, West, North and South and respective retail outlets which are to be fed from the mother warehouse located in that zone.
2. Setting up of a central warehousing anywhere in Central India and feeding retail outlets from this location.
3. Changing the distribution channel from the present numerous retail outlet systems to a more efficient system.
4. Outsourcing the entire distribution and logistics to a third party wherein the entire activity of transportation and distribution till the ultimate retail outlet



will be taken care of by this service provider so that the company can focus more on activities related to marketing and sales.

- a. Out of the given options, which should Maxwell Corporation follow for maximum benefit and why?
- b. What should be the distribution channel for Maxwell and what advantages would having such a type of a set up have?
- c. What type of a marketing and sales set-up would you recommend for Maxwell Corporation?