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GHANA

SCHOOL OF BUSINESS

Assessing the Distribution Strategies of Beverage Companies in Ghana and Its Impact on Sales
Performance: A Case of Guinness Ghana Breweries Limited (GGBL)

By:

ABAKURI JOSHUA AJEGETINA (BSc. Management Studies)

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DECLARATION

I hereby declare that the submission of this thesis is my own work towards the award of Master of Business Administration (MBA) and to the best of my knowledge, it contains no materials published previously by another person or material which has been accepted for the award of any other degree of the university, except where due acknowledgment has been made in the text.

Abakuri Joshua Ajegetina

…………………………   …………………………   ……………………

Student Name & ID   **Signature**   **Date**

Certified By:

Mrs. Zakaria Mariama   ……………………….   …………………….

(Supervisor)   **Signature**   **Date**

Certified By:

Dr. Agyepong Ahmed   …………………………..   …………………

(HOD, KSB)   **Signature**   **Date**

DEDICATION

I dedicate this Thesis to the Guinness Ghana Brewery Limited team in Bolga and my family for their understanding and support during my absence while doing this work.

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ABSTRACT

For most firms, distribution strategy is a key decision for building a successful business. Many companies have built lasting competitive advantages through their choices of distribution strategies. Against this background the study examined the distribution strategy of a single beverage company in Ghana. Data was collected from distribution managers of Guinness Ghana Breweries Limited (GGBL) as well as its key distributors and wholesalers across the country. Data was collected using self-administered questionnaires and structured interview guide. The questionnaires were administered to officials of the company"s key distributors, wholesalers and retailers. The interview was conducted among distribution managers of GGBL. The structured questionnaires were analysed quantitatively with the use of SPSS (Statistical Package for Social Scientists) while the interview data was transcribed and presented. The findings revealed that the company uses a form of indirect distribution strategy where key distributors, wholesalers and retailers play active role in the distribution of the company"s products to final consumers. The study further found that the current distribution strategy of the firm has significant impact on the company"s sales target, volume and profit. However, the findings revealed that channel conflict, logistics constraints and difficulty in managing the various distribution channels are some of the challenges associated with the firm"s distribution strategy. The study recommends among others that the company should give some form of support to key distributors to enhance their capacity to store and transport the company"s products to retailers and final consumers.

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CHAPTER ONE INTRODUCTION

1.1 Introduction

This chapter is designed to provide a general introduction to the study. In this chapter the background to the study, the problem statement of the study, the study objectives, the research questions, the significance of the study are discussed. In addition, the chapter examines the scope, limitations and organisation of the study.

1.2 Background of the Study

The beverage industry has become highly competitive due to competition from other foreign countries. Due to the competition, it is important for firms to create a comprehensive distribution strategy to reflect their brand and satisfy their customers. Establishing an effective and efficient and efficient distribution strategy is crucial for the survival and sales performance of every organisation. It helps to maximize sales and improves profitability. Identifying and selecting the optimal distribution strategy is one of the crucial decisions in marketing and it has a crucial impact on the success of the organisation. Delivery of the product/service to the final consumer in the right place at the right outweighs all other efforts in marketing (Zikmund & d''Amico 2001). Unfortunately, many organisations fail to establish or maintain the most effective distribution strategies (Distribution strategies, 2008). The main purpose of this study is to examine the distribution strategy of Guinness Ghana Brewery Limited (GGBL) and how such strategy is impacting on its sales performance.

Managing the marketing function begins with a complete analysis of the company's situation. According to Armstrong & Kotler (2005) it is important for every company to analyse its markets and marketing environment to find attractive opportunities and avoid environmental threat. Globally, companies have adopted several strategies in their operations that have either made them successful or failed in business. The beverage companies are not exempted from such phenomenon. The Coca-Cola Company in 1985 made a serious marketing blunder which has become an important marketing tale for producers and manufacturers. (Armstrong & Kotler, 2005). After 99 years of successful operation, it set aside its long-standing rule. The New Coke with a smoother taste replaced the old one. This brought the introduction of "don't mess with mother Coke" and dropped its original formula Coke. At first, amid the introduction of flurry of advertising and publicity, New Coke had good sales. But sales soon went flat, as a stunned public reacted. However, as a result of the company's robust distribution strategy, the company was able to come out of a potentially dangerous marketing blunder.

A typical marketing strategy contains the devices and controls necessary to lead the organization's production, promotion, distribution and pricing activities (Shimp 1996). Marketing strategy in a simply form combines all marketing elements such as product development, promotion, distribution, pricing, relationship management and other elements. The achievement of worldwide businesses in accessing low income markets has been unreliable at best, and unlike the developed world, where distribution channels are often fragmented or nonexistent making it challenging for firms to deliver products and services to the consumer

(Anderson & Billou, 2007).

For example developed markets become saturated, multinational corporations (MNC's) have increasingly shifted their focus toward the developing world in order to expand their footprint and

generate increased revenue growth (London & Hart, 2004). Multinationals are now competing to launch new initiatives and explore the untapped market potential at the base of the economic pyramid. The base is home to over 4 billion, largely underserved individuals, and is seen to be the largest and fastest growing portion of the global population (London & Hart, 2004, Hammond et al, 2007).

In recent times, consumers are demanding more in terms of improved services and products, quick delivery of products, and reliability of delivery. Because the dynamic global market place is facing intensified competition, organisations must thrive to shift the focus of the firm to suit the needs and aspirations of customers. This is because the customer is key to the success or otherwise of the organisation (Claycomb, Dröge & Germain, 1999).

In line with the company"s vision of dominating the beverage industry, Guinness Ghana Ltd has spelt out strategic plan to enhance distribution. In view of this, the company in 2013 appointed 'Route to Consumer' (RtC) Director, to manage the distribution of the Company (Myjoyonline.com, 2013). However, the company is still saddled with distribution challenges. This has resulted into many problems leading to ineffective and inefficient distribution strategies which have led to increased cost, high price, and inability to meet customer needs. Though Guinness Ghana has established some level of distribution strategy, the company has over the years depended on distributors, sales representatives and direct selling, characterised by delays, out-of-stock, damages, and theft among others. Again, the excessive human intervention in the distribution process poses some challenges in the form of fatigue, low processing speed and lack of proper planning. These challenges have affected sales and led to decrease in overall profitability. Thus the study intends to explore the distribution strategies of the company, the challenges

associated with these strategies, and the impact of the distribution strategy on the sales performance of the organisation.

1.3 Statement of the problem

Large multinational corporations (MNC"s) intending to conduct business operations in developing economies are often faced with overcoming obstacles created by weaknesses or the complete absence of institutions which should ideally support these markets (Mair et al.,2007). Identifying and selecting the optimal distribution strategy is one of the crucial decisions in marketing and it has a crucial impact on the success of the organisation. Delivery of the product/service to the final consumer in the right place at the right outweighs all other efforts in marketing (Zikmund & d"Amico 2001). (Zikmund & d"Amico 2001). Though the subject of distribution strategies is very crucial for the sales and profitability of multinational companies, not much attention has been devoted by researchers to examine the impact of these strategies on the sales performance of companies.

1.4 Objective of the Study

The main aim of this study is to assess the current challenges and opportunities facing the beverage industry in Ghana in terms of distribution with focus on Guinness Ghana breweries. The specific objectives of the study are;

I. To identify the current distribution strategies employed by Guinness Ghana Brewery Limited (GGBL).
II. To examine the extent to which the current distribution strategy is impacting on sales at GGBL
III. To identify the challenges faced by GGBL with respect to distribution.

1.4 Research Questions

I.   What is the main distribution strategies being used by GGBL?

II.   What is the impact of the current distribution strategy on the sales performance of

        GGBL?

III.   What are the challenges faced by GGBL with regards to product distribution?

1.5 Significance of the Study

This research is intended to look at the various distribution strategies in the beverage industry,

using Guinness Ghana Ltd as a case study. Upon the successful completion of research it will serve

the following purposes. First, it will provide a framework for designing appropriate distribution

strategies that will improve the sales and profitability of the beverage industry. It will also afford

the management of Guinness Ghana Ltd and other beverage companies the opportunity to identify

their current distribution challenges with the view of solving them. Also, the findings of the study

will contribute to the existing body of knowledge thereby extending the frontiers of knowledge in

the field of distribution strategies in marketing.

1.6 Overview of Research Methods

The research design employed in collecting, analyzing and interpreting the data is the case study

strategy. The case study approach was adopted because the study concentrated mainly on Guinness

Ghana Brewery Limited (GGBL). Data was collected from distribution managers of Guinness

Ghana Breweries Limited (GGBL) as well as its key distributors and wholesalers across the

country. Data was collected using self-administered questionnaires and structured interview guide.

The questionnaires were administered to officials of the company‟s key distributors, wholesalers

and retailers using purposive sampling technique. The interview was conducted among distribution managers of GGBL. The structured questionnaires were analyzed

quantitatively with the use of SPSS (Statistical Package for Social Scientists) while the interview data was transcribed and presented. The output was presented in the form of tables and charts for easy interpretation and discussion.

1.7 Scope of the study

The study is being conducted with the view of examining the distribution strategies in the beverage industry. Guinness Ghana Ltd was used as the case study organisation. The study is carried out to examine the distribution strategies in Guinness Ghana Breweries Limited (GGBL). The study employed a case study approach since it limited itself to a single organisation (Guinness Ghana Ltd) within the beverage industry of Ghana.

1.8 Organisation of the Study

The study is organized along five key chapters. Chapter One will consist of background of the study, problem statement, objective of the study, research questions, significance of the study, methodology, scope of the study and organization of the study. Chapter Two will cover the literature review whiles Chapter Three covers methodology the will be employed to conduct the study and organization profile. Chapter Four will present the analysis of data collected from the field. The Last Chapter will present the summary of findings, recommendation and conclusion.

2.1 Introduction

In Chapter one of this study, the researcher focused on the general introduction of the entire study. The primary objective of this chapter is to review theoretical and empirical literature on the distribution channel and strategy. Specifically, the chapter examines the key concepts of distribution such as the marketing mix, and other key concepts of distribution. In addition, both empirical and theoretical reviews are conducted to expose the researcher to the main issues under investigations.

2.3 The Concept of Marketing Mix

One important concept that is at the heart of marketing is the marketing mix, commonly referred to as the 4P‟s (Product, Price, Place, Promotion). Doyle and Stern (2006) explained that „product‟, „price‟, „place‟ (distribution) and „promotion‟ are the four classical strategic elements of the marketing mix (4Ps).The main idea behind the marketing mix is that they are used as functional tools to help executing marketing strategies and eventually facilitating efficiency in exchange (Chiou, 2001).Although the focus of this thesis is on place (distribution), it is important to see distribution as a critical aspect of an organization‟s wider marketing strategy, hence the need to briefly explain these 4P‟s. The sections below are devoted to the definition and explanation of the components of the marketing mix.

2.3.1 Product

Products constitute the offering of firms. Product/service itself assumes a vital part when organization picks their circulation channel. The channel must suit the item well and thoughtful every one of its qualities, for example, size, innovation, many-sided quality and flexibility. Longer distribution channels fit flawlessly for basic and low cost products, while bigger industrial items are sold through short channels, specifically to end client (Jobber & Lancaster 2009).

2.3.2 Price

Other than the product/service offering, price is additionally important part of the marketing mix. It has direct ramifications on the unit expense of the product. For example, if price decreases, the aftereffect of expense partitions utility will go down. As indicated by Kotler & Armstrong (2001), the goals of pricing are for business market survival, sales growth, profitability, competitive pricing and image upgrade. There are copious pricing strategies in practice or studies matching one or combinations of these objectives.

2.3.3 Place (Distribution) strategy

After product/service has been priced, a strategy needs to be mapped as to how it will get to the consumer. According to Doyle and Stern (2006) "distribution" can be used interchangeably with "place" when examining the marketing mix. This suggestion is given support by Smith and Chaffey (2005) who stated that the importance of place (distribution) in the marketing mix framework cannot be underestimated. Generally, "push" and "pull" strategies are the main strategies adopted by marketers and producers in distributing their goods and services. With the push strategy, the sales force and promotion activities are set in motion to whip up support for consumer demand for the product. The promotion is done to create awareness about the product to wholesalers and some retailers and final

consumers. However, as far as the "pull" strategy thrives on intensive advertising and promotion whip up support and consumer demand for the product. If the strategy works, final consumers will inform their retailers to order such products from the company or wholesalers for them to have access to it (Harrel, 1999).

2.3.4 Promotion strategy

Marketing communications, which is popularly referred to as promotional mix, includes various communication strategies designed to create awareness about the product/service. It is made up of various communication techniques such as advertising, personal selling, sales promotion, and public relations/product publicity. The promotional strategy helps to develop the interest of the consumer towards the product. The consumer then evaluate the product, give it a try, and then if satisfied, adopt the product Chiou (2001).

2.4 The Concept of Distribution

A study conducted by McCabe (2009) examined the need of recognizing how to become familiar with the client to deliver the marketing message and the firm's products and services. Distribution/Place is one of the four segments/components of the marketing mix. All profit making organisations are set up to win by offering their products or services to their final consumer. In order to ensure that products move from the place where the product is produced to the final consumer, the good needs to follow a path known as the distribution channel The distribution Channel consists of the manufacturer, middlemen, and consumers or end users. The channel can therefore be described as the link between the manufacturer/Producer service and the consumer (Perner, 2008).

2.4.1 Distribution Channel

According to Coughlan *et al*. (2006), distribution channel comprise of different organisations who are concerned with delivering products and services to the final consumers in the right place at the right time. Zikmund & d''Amico (2001) also describe distribution channel as a system that helps to bring products of the producer to the final consumer. Distribution channels are utilized by the firm to ensure that products and services are delivered in the right time at a right and convenient place. The channel of distribution involves middlemen who aid the firm to distribute its products and services to the final consumer. Companies use distribution channels to ensure that their product will reach customers at the right time and at convenient location. Distribution channels involve intermediary organizations that help in a process to deliver products to end customers. The main focus behind distribution channel is to close the gap between where the product is produced and where the customer/consumer is located (Kim & Frazier, 1996). The producer/manufacturer, wholesalers and retailers are typically identified as the main actors in the distribution channel (Coughlan *et al*., 2006). Going by the definitions provided above, is difficult to pinpoint exactly where the distribution channel actually begins. This is because there is a possibility that there may be two or more producers involved in producing the final product at different stages. Some of these producers near to the end at which raw material is provided, while others are near to the end that deals with the final buyer or consumer.

2.4.2 Defining and understanding multi-channel product distribution

As per Tsay and Agrawal's (2004) study, multi-channel distribution includes having conventional intermediaries in addition to the producer's private distribution outlet. This incorporates a producer''s private retail outlets, independent intermediaries, on-line producer, sales among others, existing together in the same distribution channel. Product distribution is an important process of

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the supply chain network, and connects the whole firm with its outbound supplies as a whole. Khan et al. (2009) explain that businesses working effectively relies on how well the distribution hubs and methods are organized and sorted out. They are of the perspective that distribution procedure permits the flow of information, products and services easily, at the best prices, which elevates the competitive edge of the organisation. However, poor distribution procedures spread a variety of distractions and disappointment over the supply chain and ultimately the customer.

Because of the fact that distribution process is vital, securing an effective and efficient distribution practice is crucial for minimizing the firm's cost, leading to benefits such as increases in sales and profit (Schary and Backer, 1976). This enhances firm performance since multichannel distribution in supply management is said to guarantee prompt response to the way information in the market flows, providing valuable information like customer orders among others (Chow, et al. 2007).

 The key factors fueling the use of multi-channel product distribution include the necessity for sales growth resulting from an extended market coverage that has the potential of improving the satisfaction of target customers, (Thornton & White, 2001). An expense decrease by substituting high for minimal effort channels (Wright, 2002), more and better market data given the expanded number of means connecting the organization with the business and diversifying so as to lessen business risk, by diversifying the sources of the company's business. Further writing demonstrates that occupant channels ought not consequently be frightened when extra channels are presented. Consider that in specific situations one channel's endeavors can drive activity to another channel, particularly when led with such purpose (chmid 1999). Furthermore, losing sales must not hurt general profitability. For example, another channel may be focused at a current channel's slightest gainful clients. On the other hand a maker opening an immediate channel may in the meantime

better the wholesale terms offered to existing middle people thus enhancing the execution of the multi-directed item conveyance firm

2.4.3 Selecting Distribution Channels

As per Armstrong and Kotler (2000), choice of the distribution channel has a huge impact on all marketing decisions. As a consequence of the significance of distribution channel, various criteria have been proposed to decide how to pick the appropriate direction in the wider marketing context. Baines et al. (2008) for instance, propose seven key criteria in connection to deciding the best channel to employ. These incorporate trustworthiness (consistency of service); time in transit; market scope; the capacity to offer/operate door to door service; adaptability

(taking care of and meeting the unique needs of shippers); loss and damage performance; the capacity to give more than basic product delivery service. The greater part of these criteria concurred with Armstrong and Kotler's (2000) outline of the key effective criteria which have been embraced by the Caterpillar association which creates heavy plant vehicles for the construction business.

From the viewpoint of Rangan and Jaikumah (1991), there are two fundamental choices when designing a channel of distribution: a strategic choice and a tactical choice. As per the authors, the former takes decisions regarding the number of levels between the producer and the client (consumer), while the latter decides the intensity of the proposed structure and policies for the management of the channel (Rangan and Jaikumar, 1991). The multifaceted nature of these choices is compounded broadly by diverse social, economic, cultural and political patterns (Ensign, 2006). Contrasted with supply chain management, distribution channel appears to have a perspective of "inside the chain". It is not uncommon for distributional studies to research the seller-buyer

dynamics, and they frequently take either the merchant's point of view or the purchaser's viewpoint (e.g., Amato and Amato, 2009; Deusenet al., 2007). Conversely, supply chain management seems to have a perspective of "over the chain", which implies that researches on supply chain management have a tendency to take global angles and attempt to envelop multiple interfaces (e.g., Gunasekaran and Ngai, 2005; Love et al., 2004

2.4.4 Distribution Channel Systems
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Channel level is a layer of middle people that are included in procedure to perform channel undertakings. (Kotler, et al. 2008). Figure 1 demonstrates three fundamental distribution channel frameworks. The first channel above utilizes direct conveyance system, where items and administrations are exchanged specifically from maker to buyer. The different channels use mediators/intermediaries, - retailers and wholesalers to convey their items to last clients.

Figure 2.1 Graphical presentation of the various forms of distribution channels.

Selling Directly to Consumers

Producer → Consumer

Selling through Retailers

Producer → Retailer → Consumer

Selling through Wholesalers

Producer → Wholesaler → Retailer → Consumer
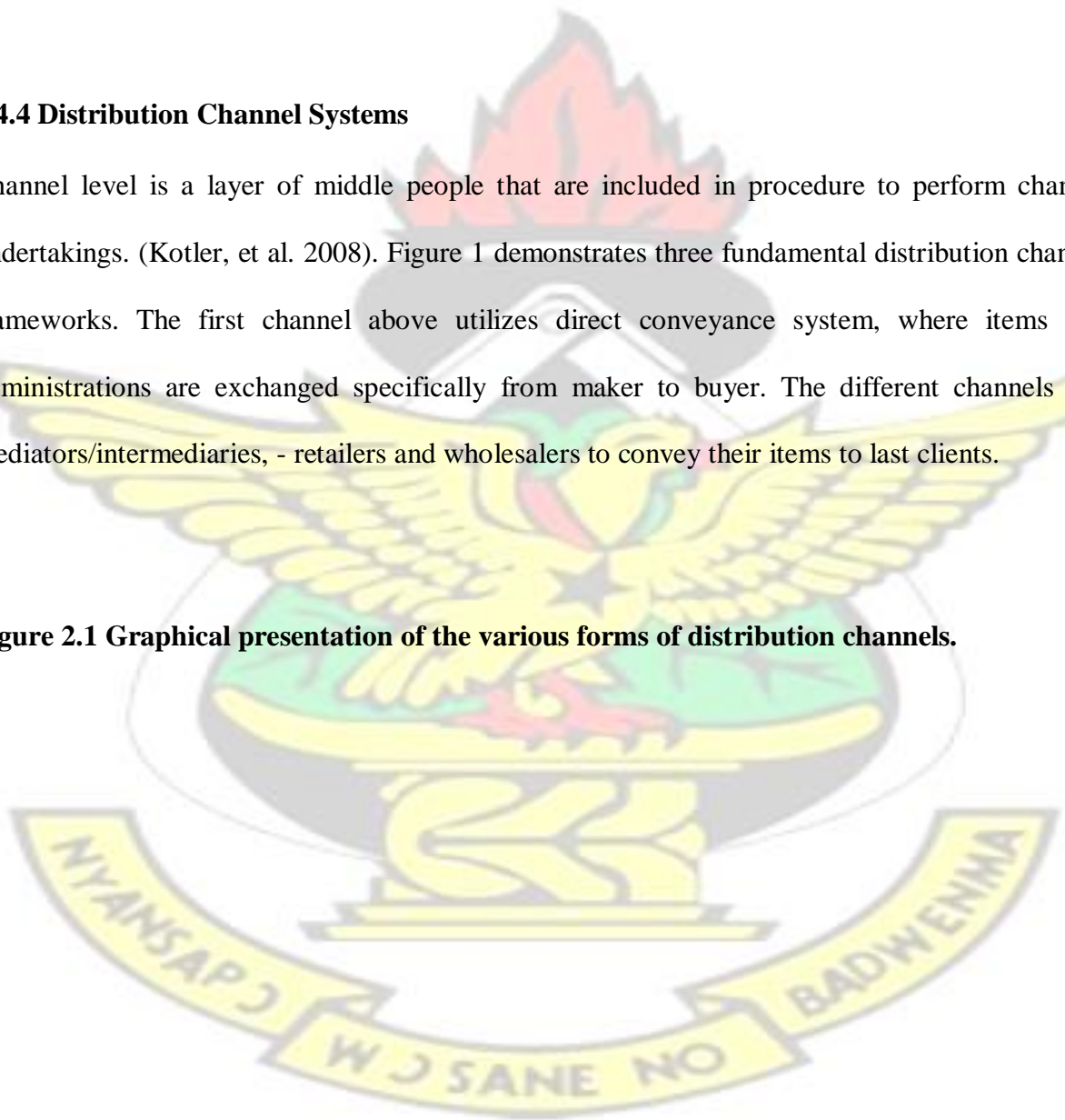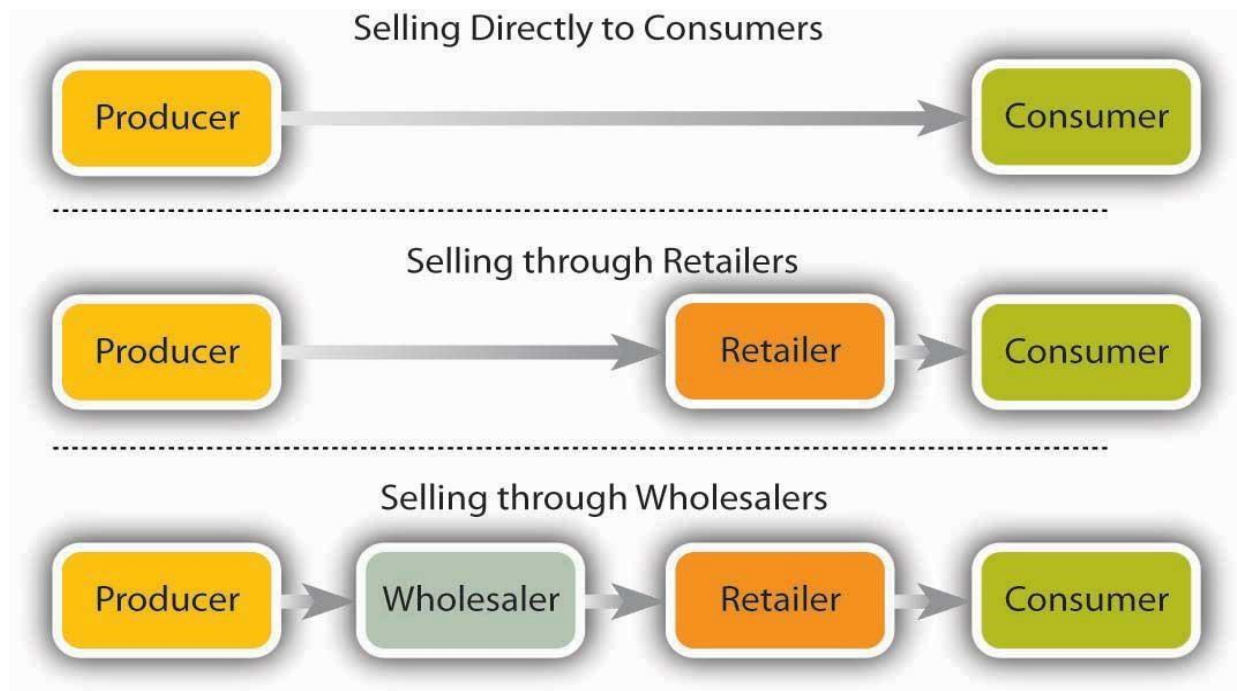
Source: Adopted from Kotler et al. 2008

2.4.5 Direct versus Indirect Distribution

Distribution is usually done using two main approaches; direct and indirect.

Direct distribution implies that items are dispersed specifically from producer to customer. Organizations offer their items specifically to clients at client's home, over telephone, on web or at some other open spot. (Raatikainen 2008, 175). Selling through web, inventories and telesales spares expenses of keeping up retail locations and utilities and enhances pace of conveyance and logistics capacities inside of the channel. Direct distribution likewise gives organizations better access to purchasers and offering through web helps them access markets even on worldwide level (Kotler et al. 2008)

The other direct channel distribution methodology is immediate retail frameworks: Here the item producer likewise works their own particular retail outlets. It could also be through individual offering system; the way to this immediate distribution is that a person whose principle obligation

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includes making and overseeing sales is included in the distribution process, for the most part inducing the purchasers to place orders. This request its self may not be taken care of by the salesman himself. The last classification of direct distribution methodology includes the assisted marketing frameworks. Here the producer depends on others (representatives/brokers) to help communicate the manufactured product to handle the distribution specifically to the buyers.

The indirect channel item distribution methodology includes the producer coming to the final clients through the assistance of others. These resellers for the most part take responsibility for the product, however now and again they may offer items on a consignment basis. The intermediaries assume the obligation of having the products of the manufacturer sold. Distributing indirectly may be in the form of a single party selling system; these include producers drawing in another party who then offers and distributes straightforwardly to the last client. These could be vast store based retailers or online retailers. Distributing indirectly could likewise be various –party offering system; here the wholesalers buy from the producer and offers the item to retailers. From an marketing point of view, diverse distribution channels may vary in their capacities to perform different service outputs. The Internet channel is especially effective in giving data to the client, in this way decreasing the purchaser's search costs. Offering various reciprocal channels gives a more noteworthy and more profound blend of customer service, which enhances the overall value proposition of the seller. (Wallace et al. 2004

2.4.6 Intermediaries

Now and again, rather than making direct delivery to the client, the organization may choose to utilize intermediaries to enhance their products and to guarantee that items will be closer to target market. Intermediaries normally have selling experience, customer skills and networks that can give the organization an advantage than offering the products directly to the customer by doing

everything naturally. Middle people additionally assume an essential part so as to coordinate supply with interest on bigger amounts of comparable products from makers and breaking them into sums sought for clients, giving them to clients in correct time and area (Kotler et al. 2008).

2.4.7 Distribution with intermediaries

Using intermediaries to distribute a company"s products/services means the firm uses the services of other organisations such as wholesalers and retailers to make product/services available to the final consumer. Many organisations see the use of intermediaries as an expensive venture since it increases the cost of the company. Some argue that using intermediaries will not help the organisation to save cost and improve profitability. However, a number of studies have shown that intermediaries do not necessarily inflate the cost of the organization. In most cases, the intermediaries undertake tasks that would otherwise be taken by the manufacturer if it does not employ the services of intermediaries. For instance an intermediary provides services such as storage of the manufacturers goods and transportation of such goods to the door step of the final consumer. Thus, taking away intermediaries and delivering the product directly to the final consumer implies that the company will have to bear the cost of storage and transportation by itself. It therefore stands to reason that the company actually wins if it decides to employ the services of responsible and dedicated intermediaries (Zikmund&d"Amico2001). The various forms of intermediaries are discussed below:

2.4.8 Non-store retailing

Kotler et al. (2008) defines non-store retailing as selling products to customers through catalogues phone-sales, vending machines and internet. Usually, non-store retailing is not intended to replace traditional stores but rather to complement them. Traditional retail stores are complimented by

web/online retail stores. The online retail store affords consumers the opportunity to order and buy products online which may be more convenient to the consumer than appearing physically at the retail shop. Online delivery channels exhibits wide range of products and services for the consumer"s consideration physical shops since there is no limit to the space available for display and storage. A typical example of a successful online distribution is e-bay, which affords consumers the opportunity to purchase wide range of products and services.

2.4.9 Store retailing

One of the easiest ways to distribute products and services is through retail stores. Manufacturers/ producers do not need to worry when using store retailing. This is because storage, customer service, delivery and well-maintained premises are taken care of by the retail stores. The retailers also help to create awareness of the company"s product because if consumers appear in the store wishing to purchase something different, the product of the company will still be visible for the consumer to notice, evaluate and consider. Organisations tend to offer their products and services through retailers with the view of adding value to the company"s products. For the sake of the convenience of customers, retailers store the products of the company for easy access by consumers. According to

Levy and Weitz (2009), offering the product through retailers is important to the producer since it will help reduce inventory and transportation costs. Selling through retailers in beneficial for manufacturers, as they can reduce transportation and inventory costs.

2.4.10 Pop-up stores

Another form of retailing is through the use of pop-up stores. These are stores that are temporal and are set up at periods when sales are expected to increase. Usually, they are set up at occasions such as Christmas, Easter and Galantine"s day. Pop-up store affords the company the opportunity to improve

its sales during a particular season without having to worry about renting premises to offer their products and services to the final consumers. (Loughran, About.com). The extent to which pop-up stores are becoming popular is making retailers consider this form of retail option. Online companies that are famous for online delivery such as eBay opened a pop-up store in London in order to access high-street customers. Even though customers purchase virtual products online that are physically delivered to them afterwards, it afforded eBay the opportunity to be recognized as one of the busiest streets in London and therefore promote their brand image.

(Guardian 2011, guardian.co.uk; Evans 2012, wsj.com).

2.5 Distribution Strategy

According to Hooley et al. (2008), distribution strategy examines how a company's product/service reaches the consumer. The choice of distribution strategy is of crucial importance for the company and it has significant impact on the future survival and success of the organisations (Zikmund & d'Amico 2001). Designing a distribution strategy entails selecting the best intermediaries, ensuring that the product/service is transported at the exact quantity and quality, and making sure that the products are delivered on time (Thompson & Soper 2007).

Choosing the distribution channel involve the process where producers select how the manufactured products will reach the final consumer, which is an essential decision to be undertaken by the company.

Before taking a decision on the distribution strategy, the firm must understand its goals and their expectations regarding the distribution strategy. The objective of a distribution strategy may include sales volumes and profit, expansion in market share, and cost effectiveness. Irrespective of the objective underpinning the distribution strategy, the firm must endeavor to remember that

the convenience of consumers is extremely vital. The company must thrive to deliver the products/service to the final consumers in the place, time and quantity preferred by the consumer/customer at the minimal possible cost (Solomon et al. 2009).

2.5.1 The number of distribution levels

Choosing the right distribution strategy begins with selecting the various levels of distribution channel (Solomon et al. 2009, 504). Hooley (2008, 361) explain that the main focus of distribution strategy is to decide whether the company‟s products should be sold directly to the final consumer or it will be delivered to the final consumer through intermediaries..

2.5.2 The amount of distributors

After deciding on the right distribution strategy, the other most important decision to be taken is the extent of the various distribution outlets. In their book The Power of Marketing, Zikmund and d‟Amico separate three types of distribution, based distribution intensity; intensive, selective and exclusive distribution strategies (Zikmund & d‟Amico 2001, 368).

2.6 Challenges of Distribution

Distribution of goods and services from the manufacturer to the final consumer is fraught with a number of challenges. The challenges associated with distribution can be presented in diverse ways. Notable among these are the position in the supply chain, business strategy focus and output of the producer‟s offer. An important characteristic of a distribution system is that the retailer responsible for the distribution of the goods to the final consumer is closer to the customer/consumer than the producer/manufacturer. This means that in most cases, the retailer has better information about the demand conditions than the producer/manufacturer (Desiraju and Moorthy, 1997). Thus, though the distribution structure makes it possible for distribution to take

place, often hinders effective communication between manufacturer and consumer. As a result, producers may push products through distribution system without a clear view of the exact preferences of their eventual customers (Gradde, 2004). Aside the lack of knowledge about the final demand, producers found it a difficult exercise to develop their marketing strategy when isolated from the retailer''s strategy (Crosten and Kumar, 2005).

2.7 Sales Performance

An understanding of the factors that drive sales performance and how these vary across different contexts is essential for both managers and researchers in sales and marketing. Twenty-five years ago Churchill et al. (1985) published a seminal paper on the antecedents of sales performance that has shaped academic and managerial thinking on sales management and becomes one of the most cited articles in marketing research (Leigh et al. 2001). Applying a classification scheme of antecedents of sales performance developed previously by Walker et al. (1977), Churchill et al. (1985) found six predictive categories to explain marginal variance in sales performance (in order of predictive validity): role perceptions, skill levels, aptitude, motivation, personal characteristics, and organizational/environmental variables. In addition, their meta-analysis demonstrated that the type of products sold moderated the predictive power of these categories for sales performance. Most empirical research thus far had been looking at enduring personal characteristics as determinants for sales performance. The basic message of this meta-analysis was that these variables were not the most important predictors (Churchill et al. 1985, p. 117).

Instead, Churchill et al.(1985) suggested that researchers should investigate "influenceable" determinants of sales performance. Another key focus they proposed was the dynamic nature of sales.

2.8 Distribution strategies and Sales Performance

As indicated by Levi and Weitz (2008), strategic decision on distribution channels is growing in both popularity and significance in the business world. A number of reasons have been assigned for this phenomenon. First, because focus has shifted towards the customer, distribution has moved from being the backwater of strategy to the mainstream, since it is where much of the profit and sales volumes in many industries can be found nowadays (Wise and Baumgartner, 1999). Put differently, distribution and its systems have become crucial source of increased sales and competitive advantage. This phenomenon has been described quite extensively. In the view of expressed Anderson and Narus (1990), the prosperity and success of a producer/manufacturer and its distributors hinges on other companies. They further explain that a producer''s/manufacturer''s success cannot be attained using their own effort; having a good partner in distribution is essentially vital. Loomba (1996) also express that for businesses to compete effectively in today''s competitive environment, there is a need for them to re-evaluate their existing distribution and make adjustments when necessary. Hyvönen and Tuominen (2007) also argue that the changing business environment has recently challenged many firms to seek out new methods to achieve sustained sales volumes through market orientation and distribution channel collaboration. Secondly, distribution channel strategies affect many other aspects of marketing strategies. According to Kotler and Keller (2008), distribution affects sales, since if the product is not available, it cannot be sold. Most customers will not wait until it can be reached. Thornton and White (2001) suggest that a multiple-channel strategy may generate more revenue because firms can use different channels to sell different products. When a company starts using a new channel, it can expect higher sales growth through this channel than the channel it has traditionally relied on, because with this new channel a company frequently attempts to tap into a new market segment

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and therefore enjoys considerable growth opportunities. Wright (2002) also posits that a multiple-channel strategy can also reduce costs. Thus, firms with a multiple-channel strategy may perform better than firms with single-channel strategy. On the other hand, the literature (Gertner and Stillman, 2001) suggests that the adoption of a new distribution channel may result in channel conflicts. Additionally, multiple-channel structures can be very difficult to manage (Stern et al., 1996). According to their arguments, a firm with single-channel strategy would perform better than one with a multiple-channel

strategy.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter is designed to explain the methodology adopted and the sources of data for the study. The main issues considered in this chapter are the research design, target population, sampling technique and size, sources of data, data analysis techniques and validity and reliability issues.

3.2 Research Design

Saunders et al. (2009) explain that a research design is the general plan of how to go about answering the research questions. The authors further posit that research provides the overview of how the research objectives can be met, and it encompasses the methodology and procedure employed to conduct the study. It serves as the blue print for collecting, measurement and analysis of data.

A design of a research may be categorized into various forms. One way of classifying the design of a study is in terms of its fundamental purpose. This purpose could be descriptive, explanatory or exploratory in nature. Exploratory studies are usually employed in areas that are underresearched and the researcher wants to unearth more information from the study (Babbie, 2010). Descriptive studies on the other hand seek to obtain detailed descriptions of events and situation.

Explanatory or causal studies seek to reveal potential cause-and-effect relationships (Yin, 2003). This study is based on descriptive design. The researcher used cross-sectional design to collect data on relevant variables. The data was collected using questionnaire. The research instruments were designed to cover the objectives of the research.

Also, the research strategy employed is a case study. This is because the researcher used one beverage company (Guinness Ghana Breweries Limited) to examine the distribution strategies of beverage companies in Ghana.

3.3 Population of the study

According to Saunders et al. (2009) a population is the full set of cases from which a sample is taken. It is the collection of possible individuals and objects for a study. Busha and Harter (1980) also define population as a set of persons or objects that possess at least one common characteristic. In this study, the population consists of distribution workers and management staff of GGBL. According to records obtained from GGBL, the total number of distribution workers is 42, while the management staff in charge of distribution is 5. Table 3.1 provides a summary of the total population.

Table 3.1 Population categorization of respondents

Category of population	Population
Intermediaries	
Key Distributors (Officials)	30
Wholesalers (Officials)	12
Management Staff (GGBL)	5
Total	**47**

Source; Researcher‟s Own Construct, 2015

3.4 Sample size and Sampling Technique

Ideally, it will be better for one to study the entire population. However, due to cost, time and accessibility constraints, researchers are often forced to obtain data from a smaller group, known as a sample (Cohen et al 2000). This study selected a subset of the population for the purposes of analysis. A purposive sampling technique was used to select respondents from the population. This

technique was deemed appropriate given the nature of the study and its objectives. Taking into consideration the nature of the respondents, 35 distribution staff and 3 management members of GGBL were interviewed for the purposes of obtaining data for the study. Table 3.2 below provides a summary of the of the population and sample sizes.

Table 3.2: Population and Sample size

Employees	Population	Sample size
Intermediaries	42	35
Management members of GGBL	5	3
Total	**47**	**35**

Source: Researcher‟s construct June, 2015

3.5 Sources of Data

The researcher relied on two main sources of data. These sources include primary and secondary sources. Primary data constitutes data collected specifically for research in response to a particular problem through interviews, questionnaires or observations. For the purposes of this research, Primary data was collected using questionnaire and interview guide.

Secondary data, also known as „second hand‟, are data which already exist and might have been used for a different purpose. Secondary data is obtained through various kinds of documents such as research reports, annual reports, books and articles. For instance, for the purposes of this research, secondary data in the form of distribution reports and strategies were obtained from GGBL.

3.6 Method of Data Collection

According to Booth et al (1995), research is basically about gathering the information you need to answer a question and thereby help you to solve a problem. Since getting the data was one of the

important parts of the work, the researcher had to determine which kind of data that would help him better answer the research problem. Questionnaire and interview guide was the main instrument used in collecting data from the respondents. The questionnaire enabled the researcher to gather as much information as possible from the workers who undertake the day-today distribution of GGBL products. It was designed based on the research objectives and questions. To ensure clarity and reduce ambiguity the language and wording of questions was kept simple and short. The interview guide helped the researcher to gather qualitative data from those occupying top-level management positions in GGBL.

3.7. Instrument for Data Collection

Given the nature of the study, questionnaire and interview guide were deemed the appropriate data collection instruments to employ. The use of the questionnaire helped the researcher to gather from large respondents and to make the analysis quantitative. To ensure validity and reliability, the researcher made effort to include relevant questions that helps to answer the research questions posed. The questionnaires were designed using both open-ended and close ended questions. The closed ended questions provided several options for respondents to choose from. The open ended questions, on the other hand allowed respondents to provide their own answers to the questions posed by the researcher.

The interview guide allowed the researcher to gather qualitative data to complement the data obtained from the questionnaires. The reasons for conducting interview in addition to the questionnaire approach was to enable the researcher explore more into the subject matter. The questions in the interview guide were crafted in such a way that it answers the research questions stated earlier in chapter one of this study. In designing the interview, the researcher considered various types of interviews. Merriam (1998) grouped the types as highly structured/standardized,

semi structured and unstructured/informal. According to the author, in the case of structured/-standardized interviews, the wording of the questions and the order of questions are predetermined and these interviews are like an oral form of written survey. Also the semistructured interview is where a mix of structured and unstructured questions is used. For the unstructured interview, the questions are open-ended questions and it is flexible and exploratory and it is more like a conversation.

The study used the semi-structured interview to gather the information from key managers in charge of distribution at GGBL. This structure was adopted because the researcher was convinced that this was a good structure based on the study. There were areas of the study where the researcher wanted all interviewees to give their point of view and it was necessary to have the same art for all interviewees. In other areas, the questioned were asked based on the responses from the respondents.

3.7.1 Questionnaire administration

In order to obtain the full support from respondents, the questionnaires sent out had brief preamble explaining the purposes of the study, those responsible for the study, and a statement guaranteeing confidentiality of respondents.

The questionnaires were self-administered to respondents personally by the researcher. This was to ensure that questions that needed clarifications were explained to respondents.

3.7.2 Administration of interview Guide

Three mangers in charge of distribution at the company's headquarters in Accra were selected and interviewed with the view of gathering relevant information for the study. The purpose of this interview was to gather as much information as possible to complement the data collected through

the questionnaire administration. Prior to the interview, the interviewees were informed about the purpose of the research and were assured of confidentiality of the information that will be provided. To ensure that all information provided is captured, the researcher sought permission from the interviewees to record the interview.

3.8 Method of Data Analysis

Raw data that is collected through questionnaire and interview guide conveys little or no meaning to end users. Data collected must be analysed and presented in a manner that makes „sense" to users of such information. Data analysis is important because it enables the researcher to make conclusions and meaningful recommendations based on the study. The various data analysis techniques were considered to determine the ones that are applicable for the study. Based on the nature of the research questions, descriptive statistics such as frequencies, tables and graphs were employed; in addition, the responses from the interview were examined and presented based on the objectives of the study.

3.9 Validity and Reliability of the Study

Validity and reliability are two importance concepts that define the quality of a research. The extent to which a research can be accepted and generalised depends, to a large extent, on its validity and reliability. Validity is measuring what was intended to measure while reliability is the degree to which a research or instrument consistently measures an attribute (Saunders, 2009). In conducting this study, a number of steps were taken to ensure that there is validity and reliability in the findings. First, the review of literature was carefully done to ensure that relevant variables are included in the design of the research instrument. Second, the content of the research instrument was designed based on previous studies on the subject. Finally, the research instrument was validated by a research supervisor of the researcher"s institution.

3.10 Ethical Considerations

According to Saunders et al. (2009), ethics in business research bother on how the research topic is formulated and clarified, data collection procedure, data processing and storage, and how the data is presented and analysed. A number of steps were taken to ensure that the study meets high ethical standards. First, the researcher tried as much as possible to avoid plagiarism. Second, literature was competently reviewed to produce a high quality research. Third, the research avoided shading the result of the research. Fourth, the researcher informed interviewees about the research and avoided coercing respondents to participate in the study. Finally, the interviewees" right to privacy was very well protected by keeping the information provided as confidential as possible.

CHAPTER FOUR DATA ANALYSIS AND DISCUSSSION OF RESULT

4.1 Introduction

In chapter three of this study, the methodology and sources of data were discussed. This chapter is designed to present the analysis of the data obtained from the field. The analysis is undertaken based on the specific objectives of the study. The study had a general objective of investigating the effect of distribution strategies on sales performance of Guinness Ghana Brewery Limited (GGBL). Three specific objective objectives were carved from the general objective. The first examined the current distribution strategies being employed by GGBL. The second specific objective examined the extent to which the current distribution strategy is impacting on sales at GGBL. The final specific objective investigated the challenges faced by GGBL with respect distribution of its products. The analysis is performed by first examining the background characteristics of the respondents.

4.2 Background Information of Respondents

To obtain the requisite information for the study, questionnaires were distributed to 35 distribution officers across the main distribution outlets in Ghana. In Addition, 3 distribution managers across the country were interviewed to solicit their views on the distribution strategies of the company. The background information of distribution officers selected for the study is summarized in Table 4.1. A total of 16 males and 19 females were selected. Ten of these respondents were selected from key distributors, 15 from wholesalers and 10 from retailers. This was done to ensure that all stakeholders in the distribution chain are fairly represented. Fourteen

(14) of these respondents have diploma certificates while the remaining 21 are university graduates with bachelor"s degrees. Majority of the respondents have worked with GGBL for more than one year and therefore possess the requisite understanding of the distribution strategies currently in place at the company.

In addition to the distribution officers sampled, three distribution managers of GGBL from the northern, middle and southern sectors of Ghana were interviewed. The purpose of the interview was to gain broader understanding of the current distribution strategy of the company and some of the prospects and challenges associated with it. The background information of the distribution officers is captured in Table 4.1.

Table 4.1 Background Characteristics of Respondents

Variable	Classification	Frequency	Percentage

Gender	Male	16	45.7
	Female	19	54.3
Education	Polytechnic	14	40.0
	University	21	60.0
Years of Serving at GGBL	Less than 1 year	14	40.0
	1-3 years	16	45.7
	4-7 years	5	14.3

Source: Field Data, June 2015

4.3 Analysis of Research Objective

As indicated earlier, three specific objectives were set by the researcher. For the purposes of clarity

of presentation, the analysis is conducted under each of the specific objectives.

4.3.1 Current Distribution Strategies

The aim of every manufacturing company is to produce and deliver such product to the intended

customers. Thus, distribution is important in the manufacturing sector. Distribution strategy

explains how products are delivered to the end users/customers. The choice of distribution strategy

is important because it can have direct impact on the sales and profitability of the company.

Regardless of what the product or service is, providing it in the right place at the right time and at

a reasonable price overweighs all other marketing efforts. Creating a distribution strategy involves

picking the right intermediaries, ensuring that products are transported quickly in correct quantities

and flawless quality and taking care of product delivery within set deadlines. Against this

backdrop, the researcher sought to examine the current distribution strategy operated

by GGBL

According to the interview conducted with the distribution managers of the company, it was

discovered that the current distribution strategy can be described as Advantage Route to Consumer

(ARTC) strategy. The interviewees explained that this strategy has been adopted because it goes in tandem with the goals and aspiration of the company. With this distribution strategy, the company sends the products to key distributers, who in turn send it to wholesalers. The wholesalers then distribute the products to the various outlets, key distributers distribute to micro distributors, wholesalers and sometimes the retailers. This distribution channel or strategy can be described as indirect distribution. Unlike direct distribution where the manufacturer reaches the final consumer directly, in indirect distribution intermediaries are used. In the case of GGBL, key distributors, wholesalers and retailers are the intermediaries. These intermediaries ensure that the product of GGBL reaches the consumer. The intermediaries take temporal ownership of the products before sending them to their intended location. The distribution strategy being used is presented graphically in Figure 4.1.

Figure 4.1 Graphical illustration of the distribution channel strategy of GGBL

| GGBL | → | Key Distributors | → | Wholesalers | → | Retail Outlets | → | Consumers |

GGBL

Guinness Ghana Breweries Limited ensures that the products are manufactured to meet the needs of customers.

Key Distributors

The company has a contract with key distributors who take temporal delivery of the company"s products before onward delivery to wholesalers. The role of the key distributors is very paramount because they directly liaise with the company. The main role played by these key distributors

includes taking of delivery, temporal storage of products, and transportation of products to bulk or wholesale distributors.

Wholesalers

Since the key distributors deliver the products in bulk, it has to pass through wholesalers before it can be distributed to retailers. The Key distributors therefore have selected wholesale outlets where they distribute the products to.

Retailers

The role of the retailers is to sell the products directly to customers. Their role is very significant because they directly interact with the end-users and are therefore able to relate to them better than company itself.

Advantages and disadvantages of the current distribution Strategy

A number of advantages associated with the company"s distribution strategy were enumerated by the interviewees and respondents. With regards to enforcement of price compliance on the market, the interviewees stated that the key distributors take ownership of the products and are therefore able to ensure that wholesalers and retailers sell at the right price. In most cases it is the key distributors who monitor the retailers to ensure that they don"t sell above the approved price.

The interviewees also stated that the current distribution strategy reduces the cost of distribution on the part of the company. They argued that the cost of storage and transportation which would otherwise be borne by the company is taken care of by the intermediaries. This, they explained helps the company to focus much attention on the production of the company"s products.

The interviewees also stressed that the current distribution strategy helps to create jobs for key distributors, wholesalers and retailers.

Some of the interviewees argued that the use of multiple intermediaries provides a greater and deeper mix of customer service, thereby enhancing the seller"s overall value proposition.

In spite the advantages enumerated above, some disadvantages associated with the destitution strategy of GGBL were identified. First, the interviewees stated that the multiple-channel structure is difficult to control and manage from the perspective of the company. Also, the interviewees agreed that sometimes the multiple-channel strategy adopted by the company is prone to conflict among the key stakeholders. In addition, was found that delays from one distributor may have a negative impact on the entire distribution chain.

4.3.2 The impact of current distribution strategy on sales

The goal of every distribution strategy is to maximize sales and improve the profitability of the firm. Having examined the current distribution strategy being used by GGBL, the second objective sought to ascertain the impact of the distribution strategy.

First, intermediaries are those tasked with the responsibility of ensuring that the company"s products reach the final consumer, they were asked to explain whether the current distribution strategy is helping to enhance sales. As indicated in figure 4.2, majority of the respondents (77%) stated that the current strategy is achieving its sales target. The remaining 23% however had contrary views.

Figure 4.2 Extent to which current distribution strategy is impacting on sales
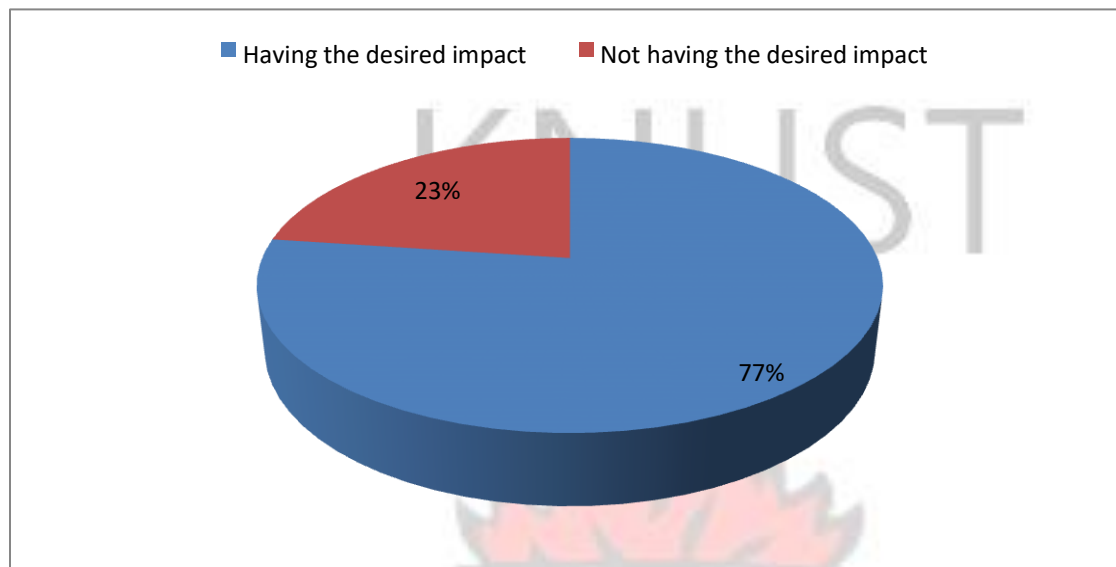
Source: Analysis of field data, June 2015

The result is corroborated by some of the interviewees who stated that the strategy is having a strong positive impact on sales because there is effective distribution of all the company"s products to the final consumer on a timely basis because each of the channel members tries to distribute as efficiently as possible to maximize profit.

Figure 4.3rating of current distribution Strategy in terms of its ability generate sales
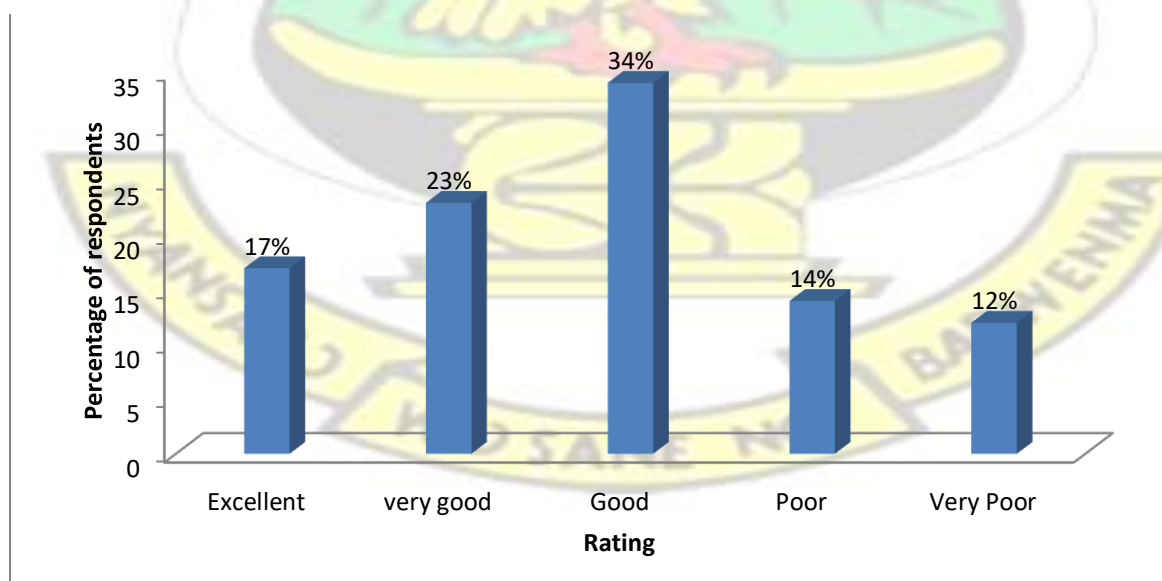
In diagram 4.3, respondents were asked to rate the performance of the current distribution strategy of GGBL in terms of sales improvement. The result shows that 17% of the respondents described the strategy as excellent in terms sales performance, 23% described it as very good, while 34% described it as good. However, 14% and 12% of the respondents respectively described the current distribution strategy as poor and very poor. It can clearly be seen from the responses that majority of the respondents believe that the current distribution strategy is impacting positively on sales. According to Homburg et al., 2008), effective distribution strategy that can have positive impact on sales should exhibit certain attributes. It must boost sales and profitability, intermediaries must be comfortable with the strategy, there should be effective collaboration among distribution channels, it must have fewer challenges, there should be provision of high level of customer service. To test whether these attributes are present in the company"s current strategy, respondents were asked to rank how these attributes manifest in the current distribution strategy of GGBL. On a scaled of 1 to 5, respondents were asked to rank the following statements: Where 1 represents strongly disagree and 5 strongly agree. The Descriptive Statistics of their responses is captured in Table 4.2.

Table 4.2Descriptive statistics of the extent to which current distribution strategy is impacting sales

Statement	N	Minimum	Maximum	Mean	Standard Deviation
The current distribution strategy poses fewer challenges	35	1.00	5.00	3.8000	1.01419
The current distribution strategy helps to boost sales at the company	35	1.00	5.00	3.9333	0.96115
There is effective collaboration among the main intermediaries and the company	35	2.00	5.00	3.7667	0.72375

	35	1.00	4.00	4.2000	0.86189
Maintenance of Current Distribution Strategy	35	1.00	4.00	4.2000	0.86189
Contribute to Market Share	35	4.00	5.00	4.5333	0.51640
Provision of High Levels of Customer Service	35	2.00	5.00	3.2000	1.08233
Provision of High Levels of Customer Service	35	2.00	5.00	3.2000	1.08233
Accuracy of Customer Information	35	2.00	5.00	3.2000	1.08233
Annual Sales Targets and Objectives	35	2.00	4.00	3.5000	0.63246

Scale (mean) 0 – 2.5 = low; 2.51 – 3.5 = Average and 3.51 and above = High

Source: Analysis of field data, June 2015.

The result from Table 4.1 shows that the distribution strategy being used currently is yielding the required impact in terms of sales performance. This is because majority of the attributes have mean values greater than 3.5. For instance, majority of the respondents agree that the current distribution strategy has fewer challenges; they also agree that the distribution strategy is boosting sales of the company. On whether the current distribution strategy should be maintained, the means score of 4.2 indicate that respondents agree that the current distribution strategy should be maintained.

According to Kotler and Keller (2008), distribution affects sales, if the product is not available, it cannot be sold. Thornton and White (2001) suggest that a multiple-channel strategy may generate more revenue because firms can use different channels to sell different products. When a company starts using a new channel, it can expect higher sales growth through this channel than the channel it has traditionally relied on, because with this new channel a company frequently attempts to tap into a new market segment therefore enjoys considerable growth opportunities. Wright (2002) also posits that a multiple-channel strategy can also reduce costs. Thus, firms with a multiple-channel strategy may perform better in terms of sales performance than firms with single-channel strategy

4.3.3 Challenges Associated with Distribution at GGBL

Every strategy or policy comes with its own challenges. The current distribution strategy being used by GGBL is no exception. The challenges from the perspective of the company itself (GGBL) and the various intermediaries were examined. The managers interviewed admitted there are some challenges while the distributors also admitted same. Some of these challenges were identified from the perspective of distribution agents while some came from the managers of GGBL.

Some of the respondents stated that one major challenge facing the distribution system of the company is the inability of the key distributors to effectively cover their territories. In other words, some key distributors are unable to distribute to wholesalers within their region or area of operation. This, the interviewees believe is affecting the ease with which products gets to the final consumer.

Another major challenge identified has to do with logistics problem for some key distributors. The distribution strategy being used depends to a large extent on the key distributors. These distributors take ownership/delivery of the products and distribute them to the wholesalers and retailers. Some are faced with infrastructure and transportation challenges. These challenges the respondents explained, affect the effective and efficient distribution of products of GGBL.

Thirdly, it was found that prices of the company"s products are not the same across the entire country because transporting the company"s products to some hinterlands is very expensive and therefore the wholesalers and retailers are forced to increase the prices in accordance with their transportation cost.

From the perspective of the company, three main challenges were identified. First, it was found that due to the nature of the distribution system, the company finds it difficult to effectively manage

the various distribution channels. Second, it was found that because the products are distributed by intermediaries rather than from the company to customers directly, it affects the relationship the company has with its customers. This challenge was also expressed by Desiraju and Moorthy (1997) who stated that a major characteristic of a multi distribution channel is that the retailer is closer to the end consumer than manufacturer. Therefore, the retailer is often better informed about demand conditions than the manufacturer.

Also, it was mentioned that some key distributors have micro distributors, which means the firm has to reduce its margins to the level of the micro key distributors, which makes it difficult to cover all retailers (beer bars) especially those that are at obscure locations where vehicles could not easily go.

The interviewees further stated that lack of effective communication among the company and customers is a major challenge associated with the company"s distribution system. This sentiment is shared by Gradde (2004) who found that multi-channel distribution structure makes product distribution possible but often obstructs effective communication between manufacturer and consumer. Consequently, manufacturers may push products through distribution system without a clear view of the exact preferences of their eventual customers

Finally, some of the interviewees stated that some level of conflict often arise among the intermediaries hence affects sales.

CHAPTER FIVE
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In chapter four, the data collected from the field was analysed. This chapter presents the summary of the key findings obtained from the analysis. Also, conclusion and recommendations based on the findings of the study are examined in this chapter.

5.2 Summary of Findings

This section presents the summary of key findings obtained from the analysis of data. For the purposes of clarity, the findings are summarized under each of the specific objectives as follows:

5.2.1 Current Distribution Strategy of GGBL

According to the interview conducted with the distribution managers of the company, it was discovered that the current distribution strategy is the Advantage Route to Consumer (ARTC). The interviewees explained that this strategy has been adopted because it goes in tandem with the goals and aspiration of the company. With this distribution strategy, the company sends the products to key distributers, who in turn send it to wholesalers. The wholesalers then distribute the products to the various outlets, key distributers distribute to micro distributors, wholesalers and sometimes the retailers. This distribution channel or strategy can be described as indirect distribution.

5.2.2 Impact of current distribution Strategy on Sales.

The result obtained from the interviewees and respondents attest to the fact that the current distribution strategy is impacting positively on sales. For instance they cited few distribution bottlenecks, strong collaboration among intermediaries and the company and the company"s

ability to achieve its sales target as some of the reasons they believe has helped to improve the company‟s sales. Also, the findings revealed that the increase in the firm‟s profit margin is due to the increase number of outlets or consumers that are reached directly by the key distributors.

5.2.3 Challenges Associated with the Distribution Strategy

A number of challenges confronting the distribution of the company‟s products were identified by both representatives of the company and the intermediaries (agents). Some of the challenges identified include logistics constraints for key distributors and wholesalers. Delays in the distribution system due to bureaucracy at various stages of the distribution channel and conflicts among the various channel members.

From the perspective of the company, it was found that because the products are distributed by intermediaries rather than the company, it affects the relationship the company has with its customers. This challenge was also expressed by Desiraju and Moorthy (1997) who stated that a major characteristic of a multi distribution channel is that the retailer is closer to the end consumer than manufacturer and therefore the retailer is often better informed about demand conditions than the manufacture. Also, the respondents stated that the lack of effective communication between company and the end-users is a major challenge associated with the current distribution system of GGBL.

5.3 Conclusion

Distribution strategy is an important decision for a company to make to ensure that company‟s products will reach customers in most effective way. Selecting a distribution strategy is an important decision that can affect the success of a business. In view of this, the study sought to examine the distribution strategy of a GGBL and how such strategy is enhancing the firm‟s sales performance. To achieve the objective of the study, data was collected using self-administered questionnaires and structured interview guide.

The questionnaires were administered to officials of the company"s key distributors, wholesalers and retailers across the country. The interview was conducted among distribution managers of GGBL. The structured questionnaires were analysed

quantitatively with the use of SPSS (Statistical Package for Social Scientists) while the interview data was transcribed and presented.

The findings show that the company currently uses indirect distribution strategy where manufactured products pass through intermediaries before reaching the final consumer. The study further found that the current distribution strategy of the firm has significant impact on the company"s sales target, volume and profit. However, the findings revealed that channel conflict, logistics constraint for key distributors and difficulty in managing the various distribution channels are some of the challenges associated with the firm"s distribution strategy.

5.4 Recommendations

The study has made significant findings that need to be taken seriously by key stakeholder.

Based on the findings, the following recommendations are made:
5.4.1 Recommendations for GGBL

First, the study recommends that in order to motivate key distributors to perform better, the company must institute an award scheme to reward best performing key distributors. The awards should be based on year on year performance, cash management and overall achievement against target. This will go a long way to encourage distributors to work hard to enhance the sales performance of the company.

Also, it was observed from the findings that key distributors and wholesalers have logistics challenges that affect storage and transportation of the company"s product. It is therefore

recommended that the company (GGBL) should support the distributors financially to improve their distribution capabilities.

Finally, the result obtained indicates that the GGBL uses indirect distribution strategy. While majority of the respondents hailed this strategy as the best, the study recommends that direct strategy should be adopted alongside the indirect strategy. This will make it possible for the company to do proper comparison among the two and to determine the best strategy that will enhance sales and profitability of the company.

5.4.2 Recommendations for Distributors

One of the major challenges identified in the cause of the study was some level of conflict arising from the activities of major intermediaries. The study therefore recommends that key distributors, wholesalers and retailers should have a strong collaboration in order to ensure that products move from one intermediary to another without delays and conflicts.

5.4.3 Recommendations for Future Researchers

The current study did not seek the opinion of customers regarding the effectiveness of the distribution strategy being used by the company. Future studies should factor in customers since they are key stakeholders in the distribution system of the company.

Finally, because of the cross-sectional design employed here, causality and relationship could not be established among the various variables. It is recommended that future studies should employ longitudinal study in order to establish relationships and causality.

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APPENDIX 1 Questionnaire

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

KNUST SCHOOL OF BUSINESS

QUESTIONNAIRE

Dear Respondent,

I want to introduce myself as an MBA (Marketing) student of KNUST. I am conducting a study to examine the impact of distribution strategies on sales performance at Guinness Ghana Breweries Limited (GGBL). You can contribute to make this study a success by responding to the questions in this research instrument. Your responses will be treated with the utmost confidentiality they deserve. Thank You.

Please respond by ticking [✓] the boxes provided or by writing in the spaces provided.

<u>**SECTION A: GENERAL INFORMATION**</u>

1. Gender   Male [ ]   Female [ ]

2. Education JSS [ ] SSS [ ] Polytechnic [   ]   University [   ]

Other ……………………………………………

3. Position in GGBL …………………………………………………………………………

4. How long have you been working in the distribution department of the company? Less than 1

year [ ] 1-3 years [ ] 4-7 years [ ]

SECTION B: CURRENT DISTRIBUTION STRATEGY AND ITS CHALLENGES AT

GGBL

4. What distribution strategy is currently in place at the company?

……………………………………………………………………………………………

5. Please describe the current distribution strategy of the company?

…………………………………………………………………………………………..

6. Do you think the current distribution is helping to maximize the firm‟s profit?

Yes [ ]   No [ ]

7. If your answer in Question 6 is yes, in what ways?

………………………………………………………………………………………………………

…………………………………………………………………………………………..

8. What are the challenges associated with the firm‟s current distribution strategy?

………………………………………………………………………………………………………

…………………………………………………………………………………………..

9. Are these challenges affecting the distribution efficiency of the company?

Yes [ ]   No [ ]

10.   If these challenges are affecting the distribution efficiency of the company, please describe

how

…………………………………………………………………………………………………..

11.   What are the strategies put in place to deal with the challenges associated with the current

distribution system at GGBL?

……………………………………………………………………………………………………

……………………………………………………………………………………………………

SECTION C: FACTORS INFLUENCING EFFECTIVE DISTRIBUTION AS GGBL

Please indicate the extent to which you agree or disagree with the following statements. Please be guided by the following keys: Strongly agree (SA); Agree (A); Neutral (N); Disagree (D); Strongly Disagree (SA)
Please Answer by ticking (✓) the appropriate boxes.

Statement	SA	A	N	D	SD
We target our selling efforts to different customers					
They contribute to our firm's market share.					
They contribute to our firm's market share					
They generate a high level of sales					
They quickly generate sales of newly introduced products.					
They exceed annual sales targets and objectives					
They collect accurate customer information.					
They maintain good customer relations					
They provide high levels of customer service					
Competition in our business is cutthroat.					
We employ different selling models for selling to different customers.					
We identify specific customer groups based on the expected lifetime value/ profitability of each customer for our firm.					
The company has diffused suppliers					
The company has diffuse buyers:					
The current distribution strategy has fewer challenges					

The distribution strategy is helping to boost the company‟s sale					
The current distribution strategy ensures effective collaboration among the main distribution channel					
I believe the current distribution strategy is good and should be maintained					

APPENDIX 2 Interview Guide

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

KNUST SCHOOL OF BUSINESS

(INTERVIEW GUIDE)

Dear Respondent,

I want to introduce myself as an MBA (Marketing) student of KNUST. I am conducting a study to examine the impact of distribution strategies on sales performance at Guinness Ghana Breweries Limited (GGBL). You can contribute to make this study a success by responding to the questions in this research instrument. Your responses will be treated with the utmost confidentiality they deserve. Thank You.

1. Current Position …………………………………………………………………..

2 How long have you been working in your current position ………………………….

3. Please describe in detail the current distribution strategy of GGBL

4. Do you think the current distribution is helping to maximize the firm's Sales? Please explain your answer

5. What are the challenges associated with the firm's current distribution strategy?
6. Are these challenges affecting the distribution efficiency of the company? Please explain your answer.

7. If these challenges are affecting the distribution efficiency of the company, please describe how

8. What are the strategies put in place to overcome some of the challenges associated with the current distribution strategy?

9. Do you believe that the current distribution strategy should be maintained?