This study sought to investigate the nature of distribution channels for small-scale manufacturing firms in Thika town and the factors, which influence the choice of these channels. This research was a descriptive study involving 60 firms. A semi-structured questionnaire was used to collect the relevant data, while frequency tables, means, percentages and average ratings were used to summarize the findings and draw conclusions.

The results of the study revealed that most firms commonly used direct distribution channels (61.7%), while only 38.3% of the firms used indirect distribution channels, which included mixed/dual channels of distribution. Among the factors that were most frequently mentioned as influencing selection of distribution channels included middlemen requirements, their availability and their profit margin expectations. Further, customer order sizes, nature of product demand and the location of customers were identified as important factors. The least frequently mentioned factors included distribution methods used by competitors and they type of customers served.

In conclusion these findings have important managerial implications for small-scale firm operations and other stakeholders intent to assist SSEs to distribute their product more effectively. One important managerial implication is that there are high costs to making an incorrect channel decision. This is because once a channel decision is made, (whether right or wrong) it tends to be reinforced over time as new products are sold through these established channels. Thus, if the wrong channel is selected, high costs of changing the channel may face the firm. Therefore, SSEs will need to carefully consider the factors, which have been identified as influencing channel selection decisions in their attempts to make decisions regarding the distribution of their products. For instance, this study has revealed that the existence of demand for relatively small and large order sizes in served markets for SSEs may justify the selection of alternative channels for the same market as a strategic product distribution option. In essence therefore, if end customers are willing to buy in large quantities, the firms should aim at serving them, directly. Otherwise, it would be more economical to serve them through channel intermediaries.