

**EFFECTS OF CHANNEL DISTRIBUTION STRATEGY ON CUSTOMER  
SATISFACTION AMONG THE ALCOHOLIC BEVERAGES DISTRIBUTORS IN  
MOMBASA COUNTY, KENYA**

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## DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted for any academic award in any other institution.

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This research project has been submitted with my approval as university supervisor

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## **DEDICATION**

This research project is dedicated to my wife Monica who sacrificed a lot of her precious time to support me complete this noble task and my two sons Kenneth and Maxwell for understanding the reason why I kept off their child-dad plays and concentrated with the project writing.

## **ACKNOWLEDGEMENT**

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## OPERATIONAL DEFINITION OF TERMS

**Retail distribution strategy:** This strategy involves retailers who are intermediaries in distribution channel that sell company's products to final customers. Retailers usually buy goods from producers and take care of their further distribution directly to customers.

**Depot distribution strategy:** involves a set of products in a warehouse or other specialized building, often with refrigeration or air conditioning, which is stocked with products to be redistributed to retailers, to wholesalers, or directly to consumers.

**Online distribution strategy:** this strategy involves connecting customers and producers around the world through internet and websites increasing the market opportunities for companies. Most of the companies have their own websites and provide customers with opportunity to buy their products online.

**Personal distribution strategy:** products are distributed directly from manufacturer to consumer by some selected individuals

**Channel distribution strategy:** Is the adopted chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer. It can include wholesalers, retailers or even internet itself. It enables the seller to sell to customers in geographical areas or market sectors that direct sales team cannot reach

**Customer satisfaction:** Is the measure of how products and services supplied by a company meet or surpass customer expectations.

**Effect:** A change that is a result or consequences of an action or other cause.

## **ABBREVIATIONS AND ACRONYMS**

<b>KRA</b>	Kenya Revenue Authority
<b>SPSS</b>	Statistical Package for social Sciences
<b>NACOSTI</b>	National Council for Science, Technology and Innovation
<b>ANOVA</b>	Analysis of Variance

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## ABSTRACT

With the globalization and technological advancement rapidly engulfing the developing economies a lot of changes are taking place in business circles. Local industries are slowly being marginalized by multinational companies and franchised sectors. These trends have not spared local alcoholic beverages manufacturers and distributors. Giant distributors are slowly edging out smaller and medium enterprises because of their bargaining power, product line dominance, price control and their ability to perfect their marketing mix strategies. However, giant companies lack economic gripe of geographical and demographical trends in their areas of operations. Customers are so much sophisticated that they mostly dictate what customized products they want and want it delivered at the door-steps. Alcoholic beverage distributors in Mombasa county have not been spared either by these economic surges and thus this study wish to address how they can go round this common denominator-competition, by addressing distribution strategies as means of addressing customer dissatisfaction. The general objective of this study was to analyze the effects of channel distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County. Specifically, the study sought to: determine the effect of retail distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County, determine the effect of depot distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County, establish the effect of online distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County and to determine the effect of direct distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County. The study was guided by Theory of distribution channel, Depot theory and System theory. The target population was 545 distributors, retailers, wholesalers and bars owners in Mombasa County who were also the respondents. The study adopted a stratified sampling technique to select the sample. The strata consisted of distributors, wholesalers, retailers and bar owners. Once the strata were established, simple random sampling was used to pick respondents from each stratum. The total number of respondents was 225. The study used questionnaires, containing both open ended and closed ended questions to obtain primary data. The questionnaires were self-administered. The instruments were pretested with a sample of 22 respondents which was 10% of the sample. The reliability of the instrument was estimated using Cronbach's Alpha coefficient. This research undertook a content validity technique and a pilot

test was done by administering the instrument to ensure congruence between field objections and the phenomena being researched. This ensured that all facets under the study were well covered. For research data analysis and presentation, data was collected, edited and coded to ensure consistence. Descriptive statistics including the means and standard deviations were used to analyze the data and capture the characteristics of the variables under the study. Inferential statistics were used to test the nature and magnitude of the relationship between dependent and independent variables. Simple regression and Pearson's correlations was computed to determine the nature and the strength of the relationship among the variables. The analyzed data was presented in form of tables and charts. The study concluded that retail distribution strategy, depot distribution strategy, online distribution strategy and personal distribution strategy have an active and direct role in customer satisfaction. Based on the research findings, the study recommends that the alcoholic beverages sector should focus on customer satisfaction by adopting appropriate distribution strategies. Also, the study recommends that distributors of alcoholic beverages should choose a distribution strategy that best satisfies their customers. Further, the study recommends that distributors of alcoholic beverages should use a combination of more than one distribution strategy. This will help to improve the service provision to the customers.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

#### **1.1.1 Distribution Strategy**

Distribution of products usually involves some form of vertical systems where transaction and logistics responsibilities are transferred through a number of levels. The type of distribution systems alcoholic beverage firms needs is influenced by the buying system they use, the number of depots it has, the geographical dispersion of the depots and the characteristics of the merchandise carried. Many companies do not sell their products directly to end users. In mass production and consumption industries in particular, many manufacturers rely on distributors, representatives, sales agents, brokers, retailers or some combination of these intermediaries to distribute their products (Hughes &Ahearne, 2010). These intermediaries (distributers) perform a variety of functions and constitute a marketing channel, that is also referred to a trade channel or distribution channel (Kotler& Keller, 2008). The importance of distribution strategies has grown in recent years, largely due to increased size, improved level of product knowledge, technical competence, specialization and various other factors (Kalafatis, 2000).

Distribution is all about getting your products/services to the right people at the right time with special consideration for profit and effectiveness. Successful marketing does not end when a business has developed a product/service and has found its appropriate target audience with a view to selling it at the 'right price (Global Research Society, 2011). The next issue that needs to be faced is how manufacturers are going to distribute and sell these products/services to the consumers. When a product/service is purchased by a consumer, it may have been bought directly from the business itself, or it may have been bought through a number of intermediaries (Hunt &Nevin, 1998).

In a typical distribution strategy for consumer goods, for example, manufacturers sell to retailers, which sell to consumers in markets. Retailers break bulk, holds inventory, provide shelf space, create promotional displays and advertising, create one-stop-shopping convenience and a pleasant shopping environment, all of which increases demand for the manufacturer's product (Desiraju and Moorthy, 1997). Retailers gain a central position in many industries thanks to their increasing degree of concentration and internalization,

successful launching of retailer brands and by controlling more and more of the value-adding functions with the distribution supply chain (Elg, 2003).

Distribution in the manufacturing sector for instance involve handling and moving of physical goods within industrial firms and through channel systems (McCarthy, 1978). It also involves the planning and implementation of physical flow of materials and final goods from the point of production to the point of use to meet consumer needs at a profit on the side of the marketer (Gong, Law, Chang&Xin, 2009). A distribution channel is a set of interdependent organizations that help make a product available for use or consumption by the consumer or business user. Armstrong and Kotler (2003) defined distribution channel as a set of inter-dependent organizations involved in the process of making a product or service available for use or consumption by the consumer or business buyer. Researchers have credited distribution channels with the following roles; information gathering and distribution of marketing research and intelligence information, physical distribution negotiation (Ndubisiet *al.*, 2003; Sawhney, 2000).Bagozziet *al.*, (1998) categorises the distribution functions into three: functions for customers; functions for producers; and functions for both customers and producers. Channel distributors are firms or individuals such as wholesalers, agents, brokers or retailers who help move a product from the producer to the consumer or business user. In this review two types of channels are identified- for consumer goods and organizational goods.

The existence of distribution strategies has helped to make society more efficient in resource allocation. Most producers use intermediaries both to acquire raw materials for production and to bring their products to market. They try to forge distribution strategies to facilitate the process of making a product or service available for use or consumption by the consumer or business user (Henderson, Dooley&Akridge, 2000). Bagozziet *al.*, (1998) assert that intermediaries create savings, which becomes more dramatic as the number of producer-consumers increases. Armstrong and Kotler (2003) pointed out that intermediaries play an important role in matching supply and demand, while Waxman (2000) argued that by servicing the thousands of indirect partners who were the customers, midrange distribution added true value.

Distribution of products usually involves some form of vertical system where transaction and logistics responsibilities are transferred through a number of levels, Ian (2005). Davidson (2000) argued that distribution is part of merchandising and must be considered in any merchandising system. Distribution management involves; merchandise replenishment,

transportation management and distribution center facilities management. The type of distribution system a alcoholic beverage firm needs is influenced by the buying system the alcoholic beverages uses, the number of stores the alcoholic beverages has, the geographic dispersion of the stores, and the characteristics of the merchandise carried.

Some of the distribution systems employed by the retailing companies are; Store direct systems, vendor pre-pack through distribution center systems, the stocking distribution center system, multiple and master/ satellite distribution center system: Store direct system, in this system the merchandise is delivered directly from the vendor to the individual stores, although the merchandise can be ordered at the store level by the central merchandising staff. It is appropriate for high fashion content, significant seasonal fluctuations or high bulk such as paper. Stocking distribution center system employs the distribution center much as a depot. Merchandise is sent from the depot to the individual stores, allocated either by the central headquarters staff or as requisitioned by the store personnel. This system normally reduces costs of goods sold from the vendor because merchandise is ordered and sent to the distribution center in large quantities. Distribution strategy explains the way products are delivered to end customers (Hooley, Piercy & Nicoulaud 2008). Choosing the right distribution strategy is one of the most important choices for marketing and has serious impact on business' future success. Regardless of what the product or service is, providing it in the right place at the right time outweighs all other marketing efforts. The distribution strategy is a system that helps to bring products from manufacturer to final customer ( Zikmund & d'Amico 2001). Companies use distribution strategies to ensure that their product reaches customers at the right time and at convenient location. Distribution channels involve intermediary organizations that help in a process of delivering products to end customers. Channel level is a layer of intermediaries that are involved in process of perform channel tasks (Kotler, Armstrong, Wong & Saunders, 2008). Creating a distribution strategy involves picking the right intermediaries, ensuring that products are shipped quickly in correct quantities and flawless quality and taking care of product delivery within set deadlines (Thompson & Soper 2007). Selecting the distribution strategy or channel is the first step to manufacturers in choosing how their products will be sold to their end customers, which is a crucial decision for company to make.

### **1.1.2 Customer satisfaction**

Customer satisfaction is increasingly becoming the major concern of most organizations today (Gianforte, 2003). In the twenty first century, globalization has enhanced the modern business environment and customer satisfaction, and provided a fair play for marketing and business practice. Businesses are becoming more customer-oriented owing to the realization that customer retention and loyalty are fundamental aspects of business survival (McCullough, Berry &Yadav, 2000). Global marketing concepts have placed an emphasis on the delivering of satisfaction to customers and the realization of profits through enhanced customer acquisition and retention. In fact, customer satisfaction contributes to the realization of customer loyalty for organizations in the current multi-competitive global business milieu (Oh, 2007).Kotler (2003) argues that customers increasingly expect high quality, service and some customization. They perceive fewer real product differences and show less brand loyalty. They can obtain extensive product information from the internet and other sources, permitting them to shop more intelligently.

Customer satisfaction has fundamental importance in business growth and competitive advantage in the increasing global economy. According to Cengiz (2010), organizations that form marketing mix components do realize customer loyalty and satisfaction. The simple act of appreciating the customers' expectations does enhance customer satisfaction. Therefore, maintaining customers' relationship is one of the key aspects of organizational growth. Equally, Anderson and Mary (2008), argue that customer satisfaction is a result of well-maintained relationships between the client and the organization.

In the alcoholic industry, customer retention and acquisition is so difficult due to the high levels of substitute products in any given market (Dapkevicius & Melnikas, 2009). Alcoholic beverages manufacturers and distributors are fight for a share of the consumer purse with soft drinks manufacturers, local traditional brewers, safaricom airtime and data packages, energy drinks manufacturers, kharts (miraa) and hard drug substances in black market. Bruijin (2011) contends that the brewery industries all over the world are also struggling to retain their customers in an increasingly competitive market. Therefore customer satisfaction in this industry will be attained by considering the availability of the product at the 'right place', at the 'right time' which is only achieved through organized distribution strategies.

Alcoholic distribution is a service business and the most important part in the business is making sure that customers are satisfied by get the 'right product' at the 'right time' in the 'right way' and with the 'right attitude' from the driver and the sales team in general.

Kotler(2000), companies must thinking more than assuming that growth is realized only by marketing, sales and customer support personnel but more so through recognizing that every employee must be customer focused. Due to major societal forces such as technological advances and globalization new consumer behaviors and challenges has emerged. Kotler (2000) argues that customers increasingly expect high quality service and customization. Kotler (2001) argues that today's customers are able to access objective information on competing brands, cost, prices, features and quality without necessarily consulting the manufacturer. In most cases the customers are able to dictate what customized product they want, how much they are willing to pay, how they want it delivered and then wait for the most aggressive sellers to respond. The result is the dramatic shift of economic power from the alcoholic distributors to consumers. Marketers are thus changing their philosophical concepts and tools in order to survive during this competitive era. They are now diverting their focus from transactions building to long term profitable customer relationships, from gaining market share to building customer share by offering individualized, customized messages and offers. Manufacturers have moved from treating intermediaries as customers to treating them as partners in delivering value to the end consumer. Lewinson and Dolozier(1982) argues that a crucial problem that affects alcoholic beverages companies is getting the products into the store. The problem involves inventory control, overstocking, increased carrying costs and delayed lead times. This may eventually lead to stock-outs and thus dissatisfied end consumer. The alcoholic beverages distributors therefore must consider transportation and handling cost, delivery time, the reliability of delivery service keenly to avoid those shortfalls. The link between entrepreneurship and distribution is that any production without effective distribution system is useless because the produced goods do not gain any utility until the final consumer derives some level of satisfaction after using them.

Before deciding on distribution strategy, company must know their goals and what they expect to achieve by distribution strategy. Distribution objectives can be related to increasing market share, profits or sales volume, or they can also refer to product, e.g. minimizing its shipping costs or making product visible for as many customers as possible. Regardless of what the distribution objectives are, the company must remember the convenience to customers; being able to deliver the product in the right place, time and quantities that customers prefer and at the minimal possible cost (Solomon, Marshall & Stuart 2009).

Companies use intermediaries to add value to their products and to ensure that products will be closer to target market. Intermediaries usually have sales experience, networks and customer skills that can offer the company more value than they can achieve by doing

everything on their own. Intermediaries also play an important role in matching supply with demand by taking on larger quantities of similar goods from producers and breaking them into smaller quantities desired by the customers, providing them to customers in right time and location (Kotler et al., 2008). Physical distribution involves planning, implementing and controlling of the process of getting the final product to final customer in the right place and at the right time. The focus in marketing logistics has shifted from trying to find the most cost efficient solutions of bringing final goods to customers to customer-centered logistics which focuses on satisfying demand in the market and creating customer value by fast delivery, improved service and reasonable prices (Kotler *et al.*, 2008). The major physical distribution tasks are warehousing, inventory management and transportation. Each of these tasks needs to be managed to ensure proficient delivery of products (Kotler *et al.*, 2008).

### **1.1.3 Alcoholic beverages distributors in Mombasa county**

Mombasa county alcoholic distributors are facing intense competition from domestic and foreign brands and manufacturers. This scenario has resulted in rising promotion cost, price reduction and shrinking profit margins. Small alcoholic beverage distributors are slow succumbing to the growing power of giant alcoholic distributors and manufacturers. The industry is evolving so fast such that those who do not innovate with time will ultimately lose substantially. Jawarski and Kohli (1993) concluded that the ability of a firm to respond to identified changes in the market or customer behavior is an important feature exhibited by successful firms. Porter (1998) observed that strategic responses involve a change in the competitive position a firm occupies in the competitive industry. A change in the competitive position will require a company to decide on which generic strategy to adopt, for instance, cost leadership, niche focus, differentiation, pricing, distribution strategy etc. this choice is essential in strategic planning process since it determines the superiority of the total organization performance. This research project was to establish the effect of channel distribution strategy on customer satisfaction among the alcoholic beverages in Mombasa county.

## 1.2 Statement of the problem

The competitive environment facing alcoholic beverages in Mombasa county are similar to those identified by Porter (1990) as; threat of new entrants, rivalry among industry players, threat of substitute products and increasing supplier and buyer bargaining power. Since the enactment of alcoholic act 2010 famously known as Mututho laws, which legalized brewing of traditional brews like mnazi, muratina(opaque beer) and chang'aa, genuine manufacturers and distributors have been facing up-hill task to sustain their businesses. Worse still to the demise of the industry was the entrant of cheap and lethal portable 3<sup>rd</sup> generation spirits.

The effect of this has been a reduction in market share, declining profitability and stiff competition. As a result companies have been forced to craft strategies in order to sustain or grow their market share, expand to new territories or markets, acquire new technologies, develop brand or line extensions, reduce costs and risks (Oliver, 1995). Alcoholic beverage companies in Mombasa county need to adopt distribution strategies that ensure they reach their market efficiently.

According to Ramamurthy (2007) consumers expect that alcoholic beverages will offer the right match in terms of right product offering, quantities, place, time, and price by the right appeal. Retailing in Kenya has gone through a significant change in the last couple of years with a complete shift in shopper's expectations and experiences. While the shoppers have remained the same everything has changed and gone mega, ranging from the size of the outlets to the layout, the ambience, the experience, the service, the loyalty, satisfaction and incentives to the way promotions are done (Hasty and Reardon, 1997). Companies have been forced to build organizations that consistently deliver the best customer offers. This has been made possible by adopting the best retail distribution strategies, depot distribution strategies, online distribution and direct distribution strategies which identifies the needs and wants of a market place and customizing marketing efforts at the store and the individual level allowing the alcoholic beverages capitalize on differences in the consumer and competition (Hasty and Reardon, 1997). Randal(1991) argues that by adopting the best retail distribution strategies, depot distribution strategies, online distribution and direct distribution strategies, most companies have managed to get a clear path to beat competition, succeed in difficult markets, increase their sales and profits, but above all increase their customer's satisfaction and loyalty. The project research therefore intends to close the research gap by analyzing the

effects of distribution strategy in customer satisfaction among the alcoholic beverages distributors in Mombasa County

### **1.3 Objective of the Study**

The general objective of this study was to establish the effects of channel distribution strategy in customer satisfaction among the alcoholic beverages distributors in Mombasa County

The study was guided by the following specific objectives:

- i) To determine the effect of retail distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County.
- ii) To examine the effect of depot distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County.
- iii) To establish the effect of onlinedistribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County.
- iii) To determine the effect of personal distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County.

### **1.4 Research Hypothesis**

The study was guided by the following research hypothesis:

- H<sub>01</sub>: Retail distribution strategy has no effect on customer satisfaction among the alcoholic beverages distributors in Mombasa County, Kenya.
- H<sub>02</sub>: Depot distribution strategy has no effect on customer satisfaction among the alcoholic beverages distributors in Mombasa County, Kenya.
- H<sub>03</sub>: Online distribution strategy has no effect on customer satisfaction among the alcoholic beverages distributors in Mombasa County, Kenya.
- H<sub>04</sub>: Direct distribution strategy has no effect on customer satisfaction among the alcoholic beverages distributors in Mombasa County, Kenya.

### **1.5 Significance of the study**

Properly defined distribution channels will help alcoholic beverages industry stakeholders to fully exploit their competitive advantage and optimize operations whilst ensuring best environmental practices are maintained. It will increase organizational flexibility in terms of meeting consumer requirements in the best and most affordable manner.

Policy makers will be able to ensure that the interests of all stakeholders both internally and externally are met with minimal detriment to the environment. They may also encourage more firms to participate in distribution by offering recognition in form of awards of excellence.

This study will also benefit scholars by providing background material for future research in other sectors or industries, highlighting current trends on distribution practices. They will use the findings for reference purposes in future related studies.

The study is also important to both existing distributors and customers since a defined channel of distribution will be created for an efficient flow of products. The findings will help customers understand the role of intermediaries in providing them with a broader range of products. It also points out the importance of taking a holistic perspective when redesigning distribution strategies.

### **1.6 Limitation of the study**

The study focused on Mombasa county and therefore cannot be generalized to reflect the current situation prevailing in other counties in Kenya or universally

Tools used to collect data may have some errors of omission or commission and thus limited the quality of response from the respondent.

### **1.7 Assumptions of the study**

The following were the assumptions of this study;

- i. The target population gave accurate information and,
- ii. The participants cooperated fully
- iii. There was fairness in the distribution of questionnaires.

## **1.8 Scope of the Study**

The study focused on the effects of distribution strategy on customer satisfaction among alcoholic beverages distributors in Mombasa County. The target population of the study was 545 distributors, retailers, wholesalers and bar owners operating within Mombasa County. The sample size for the study was 225 respondents. The study was conducted in 2016

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

The general objective of the study was to establish the effects of distribution strategy in customer satisfaction among the alcoholic beverages distributors in Mombasa County. This chapter aims at building a theoretical foundation upon which the project was based. It also reviewed existing literature based on the specific objectives of the study to establish the knowledge gaps. A conceptual framework presents the relationship between distribution strategy and customer satisfaction among the alcoholic beverages distributors in Mombasa County.

#### 2.2 Theoretical Review

A theoretical review is a collection of interrelated concepts. It guides researcher to determine what things to measure, and what statistical relationships to look for (Defeeet *al.*, 2010). A good research should be grounded in theory (Mentzeret *al.*, 2008). The study was guided by theory of distribution channel, depot theory and system theory. These theories clearly explained the research in line with the study objectives.

##### 2.2.1 Theory of Distribution Channel

Distribution is among the four element of the marketing mix, also called place, others Ps are; product, price and promotion. This theory states that each company in the demand channel must charge enough to pay expenses and leave a profit (Johnson K,2009). Knowing where you are in the channel helps in determining your cost and your mark-up needs. Distribution strategies are the intermediary organizations or channels that a product passes through before it is consumed or used. Typically, these organizations are marketing or selling specialists and use economies of scale to bring success. In a context of industrial or consumer products, manufacturers differ on how they distribute their products to the consumer. Some of them distribute intensively (using a lot of intermediaries) or exclusively (directly to the consumer).

The role of distribution is to provide for a company, the accomplishment of the task of delivering the product at the right time, place and quantity at a minimum cost (Bucklin, 1966). Although the distribution problem was one of the first issues analyzed by the marketing researchers in the beginning of the 20th Century (Bartels, 1965), the distribution

problem has an enormous importance in the marketing literature and managerial contexts today. According to Stern and Reve (1980), channel theory is divided into two orientations; economic and behavioral approaches. First analyses the efficiency of the strategy, studying issues like channel design and structure. The latter is sociologically oriented, focusing on power, cooperation and customer satisfaction.

The structure of channels requires a set of strategic decisions (Iyanda, 1990). The first decision determines the appropriate intermediary type, e.g. wholesaler, retailer, franchise, broker, direct sales force. The second is distribution intensity that is, how many intermediaries to include and number of levels of a channel structure. The second strategic decision in a channel, distribution intensity, is a key element of the channel strategy (Scott, 2003), and often dictate all the channel structure influencing the type of intermediary, the coverage of the market, and the kind of distribution (direct or indirect).

This theory of distribution channel makes an attempt to link the effect of product distribution to consumer satisfaction and need for a particular type of good. This is applicable to our study where we are trying to understand the best distribution strategies for alcohol beverages in Mombasa County that will ensure satisfaction of the customers.

### **2.2.2 Depot Theory**

The flow in the distribution strategy has been explained using parallel model, model postponement and speculation under Depot Theory. How fast do flows move to overcome separations and match a seller's small segment of supply with a buyer's small segment of demand? According to Aspinwall's (1958) Depot Theory, goods move toward consumption at a rate established by the final consumer's need for replacement. As detailed in Aspinwall's (1958) Parallel Systems Theory, replacement rate is inversely related to gross margin, services required, search time and consumption time. Thus, knowing replacement rate provides knowledge of the other characteristics determining rate of flow.

The question of which institutional depot (manufacturer, wholesaler, retailer, household, etc.) in the channel will hold and modify inventory is addressed by Bucklin's (1965) 'Theory of Postponement and Speculation'. Alderson (1965) developed the postponement part, arguing that changes in modifying products and stocking inventory should be postponed to the latest possible point in the marketing flow because of reduced risk. Bucklin (1965) added the corollary theory of speculation that changes in form and holding inventory should be made at the earliest possible point in the marketing flow to take advantage of economies of scale. Thus, speculation takes advantage of the lower costs of modifying goods early to obtain

economies of scale resulting in mass production, while postponement deals with reducing risk by modifying goods at the latest point for segmented demand resulting in today's mass customization.

Depot theory attempts to explain how to fast move goods (product distribution) to meet the customers demand. This theory relates to our study as it will attempt to identify the best distribution channels (strategies) to distribute products to the customer within a short period of time.

### **2.2.3 System Theory**

Physical distribution can be viewed as a system of components linked together for the efficient movement of products. Using a system approach to describe physical distribution, the components include; customer service, transportation, warehousing, order processing, inventory control, protective packaging and materials handling. These components are interrelated, hence: decisions made in one area affect the relative efficiency of others. For example, a small business that provides customized personal computers may transport finished products by air rather than by truck, as faster delivery times may allow lower inventory costs, which would more than offset the higher cost of air transport. Viewing physical distribution from a system's perspective can be the key to providing a defined level of customer service at the lowest possible cost. This theory views our study as a system of distributors, wholesalers, retailers and customers controlled in one central system to facilitate efficient distribution of products to the consumers.

## **2.3 Empirical Review**

### **2.3.1 Retail distribution strategy**

Obaga, Omido, Garashi and Odera (2013) conducted a study on the Analysis of retail marketing strategies on Organizational competitiveness and total sales. The study attempted to examine the strategies that have been applied and adopted by the retail companies elsewhere in attempt to understand how retailing functions. A descriptive research design was employed in this study. The population was marketing executives in the selected bottling companies in Kenya. Primary data was collected using closed questionnaire. The data collected was organized and presented using descriptive statistics. Correlation analysis was also utilized for data analysis. Findings indicate that the most pursued retail marketing

strategies were; marketing segmentation, product strategies, distribution, pricing, marketing relationship and promotions. Further, the number of Retailers determines the amount of products distributed (Greenland & Newman, 2015).

Guan (2010) conducted a study on Developments in Distribution Channels: A Case Study of a Timber Product Distribution Channel. This thesis described and analysed the trends and developments of actors along distribution channel. In particular, the study focused on retailers and manufacturer based on the empirical material from one particular case study. The study has taken an exploratory and qualitative research approach with an abductive reasoning process. A case study strategy was adopted, which studied a distribution channel consisting of a Sweden-based timber manufacturer that vertically integrated a distributor in the UK. Semi-structured interviews comprised the primary data collection technique in this study. A two-step data collection process was conducted between May 2009 and April 2010, including 29 interviews with 24 interviewees from eight organizations, representing the manufacturer, distributor and reseller in the distribution channel. This thesis produced several findings. Retailers developments have promoted the formation of reseller demands, such as integrated solutions with respects to logistics, marketing, merchandising, innovation, etc. Retailer developments have driven the change of a retailer supply chain structure, and have opened up a number of new questions to be posed on manufacturer and its positioning in the supply chain.

Huda, Zubayer, Faruq (2011) conducted a study on Retail Marketing Strategies of Retail Stores: An Evaluation of Grocery Shops of Dhaka City. Based on this assumption this study was conducted to identify the differences in the grocery shop owners' marketing strategy due to the differences in locations or residential areas. For the study grocery shop owners of different locations of Dhaka City were considered. Based on the different income group people's dwelling area the locations were selected. The locations i.e. Gulshan/Bonani/Baridhara and Dhanmondi/Mohammadpur were considered as higher income group people's living area. On the other hand Malibagh/Mogbazar and Old Dhaka were considered for middle and lower-middle income group people. The study found that keeping branded products, credit sells, promotion, building customer relations, etc. by retailers do not vary due to the differences in location. It is also found that the way of expressing the quality to customers, measurement of quality, price fixation, etc. differ due to the variations in locations.

Jeshurun (2012) conducted a study; An Empirical Study on Effectiveness of Retail Distribution Channel in Visakha Dairy Dealing with Milk & Milk Products in

Visakhapatnam sales. The research aimed at studying the perception of distribution towards Visakha dairy milk, Visakhapatnam and its products; also it identifies the features that influence the customers for selecting the milk type. A questionnaire was used to survey 200 customers and 120 retailers of Visakha dairy who were selected by convenience sampling method. The main objective of the study was to establish effectiveness of retail distribution channel with special reference to Visakha Dairy Pvt. Ltd. The purpose of this study was to identify the Product & Brand wise demand and effectiveness of distribution channel. The study further proposed a model of organizational performance that can help managers to achieve organizational excellence and help them to maintain a fit with the changing environment. Retailers are intermediaries in distribution channel that sell company's products to final customers. Retailers usually buy goods from producers and take care of their further distribution directly to customers. Retailers add value to products, as they have sales expertise, ability to be close to potential customers, and they know their market (Levy & Weitz 2009).

### **2.3.2 Depot Distribution strategy**

Bucklin (1960) study on depot distribution strategy contributed to the issue, amount of sales made stating that at distribution, four service output levels are important: market decentralization (fragmentation), lot size, assortment, and waiting time. According to the author, firms chose channels that minimized the distribution costs associated with delivery time of these outputs. Delivery time is the main factor that predicts the structure of a channel. Bucklin argued that with a very short delivery time, the intermediate inventory is necessary because only in this way can goods be rushed quickly to the consumer. The more the consumer wants the good quickly, the more the inventory and safety stock is needed.

Doney and Cannon (1997) did a study on depot distribution strategies which stressed several contributions in the field. Kozak and Cohen (1997) created a list of statements for companies to use to achieve the level of trust and commitment with suppliers, which can be adapted in this case to distributors. Distribution builds stable competitive advantages, since marketing channels are of long-range planning and implementation, and to build them needs a consistent structure and due also to the fact that they are focused on people and relationships. This sequence was elaborated based on the revision of four existing models (Walters & Gattorna, 1996) Anderson (1985) and John and Weitz (1988) stated that there is a relationship between sales volume and distribution channel integration. The most important of these are physical-

specific assets, time-specific assets, information and knowledge technology, human-specific assets, location (site) specificity and marketing/transaction specificity.

### **2.3.3 Online distribution strategy**

Becherer and Halstead (2004) conducted a study on Characteristics and internet marketing strategies of online auction sellers. The research examined the internet auction phenomenon as it relates to the marketing mix of online auction sellers defining a totally new and unique distribution alternative. The data in the study indicated that, whilst there is great diversity among businesses that utilize online auctions, distinct cost leadership and differentiation marketing strategies are both evident. These two approaches were further distinguished in terms of the internet usage strategies employed by each group. Mahalingam (1999) in his work he made an attempt to find out the effectiveness of the distribution network, IT experts, number of computers and suggested ways to improve it. The study has concluded that the company needs a wider distribution network so as to increase the sales. Oliver (1999) study pointed the importance of sellers' attitudes towards alternative distribution channels in their use of intermediaries such as eBay. Established relationships with retailers often hold back firms from going online, as well as the fear of losing control. For example, both Pioneer and Maytag, in efforts to maintain their positive relationships with distributors, chose not to sell via online auctions.

The fastest growing form of direct distribution is online-marketing or selling products through Internet. Internet connects customers and producers around the world and therefore increases market opportunities for companies. Most of the companies have their own websites and provide customers with opportunity to buy their products online (Kotler et al. 2008). Direct distribution means that products are distributed directly from manufacturer to consumer. Companies sell their products directly to customers at customer's home, over phone, on internet or at any other public place (Raatikainen, 2008). Distributing through internet, catalogues and telesales saves costs of maintaining retail stores and utilities and improves speed of delivery and logistics functions within the channel. Direct distribution also gives companies better access to buyers and selling through internet lets them access markets even on global level (Kotler *et al.*, 2008).

The fastest growing form of direct distribution is online-distribution or selling products through internet. Internet connects customers and producers around the world and therefore increases market opportunities for companies. Most of the companies have their own websites and provide customers with opportunity to buy their products online

(Kotler *et al.*, 2008). Companies are able to place wider selection of products and more specific details about products on the internet. Most importantly, it also enables companies to collect information about clients and their shopping behavior which can support their further marketing activities and product selection (Levy & Weitz 2009).

Customers benefit from online shopping by having the convenience to browse through the products and make sales decisions without time and place limitations, such as store opening hours or distance to shopping mall. Customers receive greater selection of products and more information about product functions online. Internet also offers customers opportunity to browse similar products and compare functions and prices. Internet provides customer with greater control over deciding on desired products and browsing only the websites they want to visit (Kotler *et al.*, 2008).

### **2.3.4 Personal distribution strategy**

Lilien (1979) ran a discriminate analysis with data from a sample of 125 industrial products to study the impact of product and market factors on the selection of personal distribution strategy. The study showed that the channel varied from direct to indirect based on size of the firm and size average order.

Kotler (2006) study observed that marketing and personal product distribution plays a critical role in the company's strategic planning process. Marketing prepares quality plans to implement business strategies which lead to sustainable competitive advantage. Kombo (1997) found that the economic reforms in the country such as liberalization forced firms in the motor industry to develop new strategies such as improved customer service.

A variety of approaches has been taken to distribution channels, but distribution structure and intensity has received little attention in academic research (Rodriguez *et al.*, 2005). Marketing researchers are more concerned with management issues like power, conflict, satisfaction and performance (Gaski 1996). Few empirical studies were conducted to study distribution intensity and structure. Most of ideas concerning channel design issues are underlying and theoretical that predicts the choice of channel based on some factors. Although these constructs have been well accepted by marketing scholars, empirical research has to be done to confirm these assumptions and to find new factors determining the channel choice. The primary theoretical statement links distribution structure with class of products (Frazier and Lassar, 1996).

## **2.4 Research gaps**

Obaga, Omido, Garashi and Odera (2013) conducted a study on the analysis of retail marketing strategies on organizational competitiveness and total sales. The study attempted to examine the strategies that have been applied and adopted by the retail companies elsewhere in attempt to understand how retailing functions. The study presents a contextual gap since it did not focus on alcoholic beverages companies.

Guan (2010) conducted a study on Developments in Distribution Channels: A Case Study of a Timber Product Distribution Channel. This thesis described and analyzed the trends and developments of actors along distribution channel. In particular, the study focused on retailers and manufacturer based on the empirical material from one particular case study. The study has taken an exploratory and qualitative research approach with an abdicative reasoning process. The study presents a methodology gap since it employed exploratory research gap while this study used descriptive research design.

Huda, Zubayer, Faruq (2011) conducted a study on Retail Marketing Strategies of Retail Stores: An Evaluation of Grocery Shops of Dhaka City. The study presents a contextual gap since it was conducted in Bangladesh while this study was conducted in Kenya.

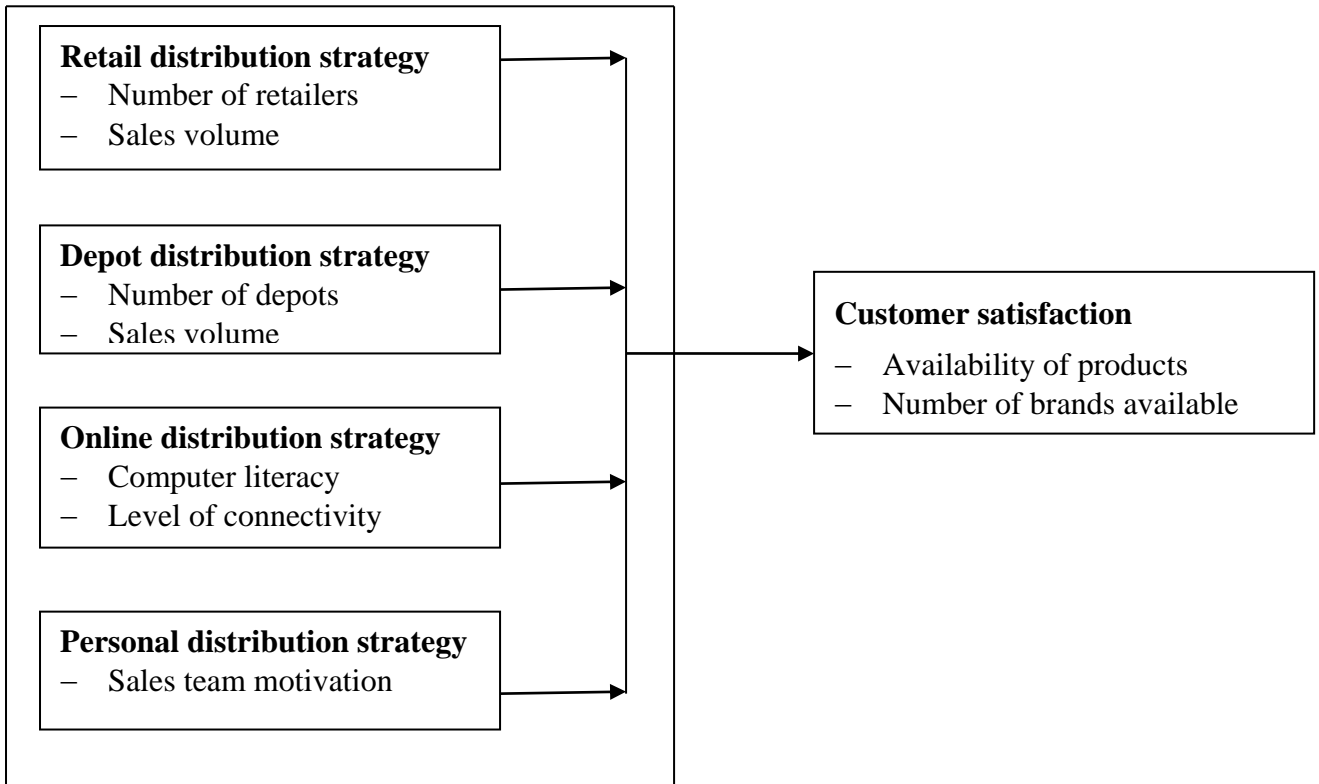
Jeshurun (2012) conducted a study; An Empirical Study on Effectiveness of Retail Distribution Channel in Visakha Dairy Dealing with Milk & Milk Products in Visakhapatnam on sales. The research aimed at studying the perception of distribution towards Visakha dairy milk, Visakhapatnam and its products; also it identifies the features that influence the customers for selecting the milk type. The study presents a contextual gap since it focused on distribution of dairy products while this study focused on distribution of alcoholic beverages

## **2.5 Conceptual framework**

According to Kombo and Tromp (2009), a concept is an abstract or general idea inferred or derived from specific instances. A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. Figure 2.1 is a figurative representation of the variables to be explored by this study. The interaction of the independent variables that include retail, depot, online and

distribution strategies of the alcoholic products in Mombasa County is meant to improve the satisfaction of the customer.

### Independent Variables



(Source; Researcher, 2016)

Figure 2.1: Conceptual framework

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The chapter discussed the methodology that the researcher employed in the study. The methodology included the research design, data collections and data collection instruments as well as the data analysis techniques that were used to analyze the data.

#### **3.2 Research design**

According to Mugenda and Mugenda (2012), research design specifies the methods and procedures for collecting and analyzing the needed information. It indicates a framework or blueprint for the research as well as the research methods chosen to determine the information needed. It defines the sampling method, sample size, measurement and data analysis processes (Blumberg, Cooper & Schindler, 2014).

The study adopted a descriptive survey design. A descriptive survey research was adopted because of its ability to consolidate both qualitative and quantitative data. A descriptive survey was appropriate for the study because structured and semi structured responses can easily be collected (Blumberg *et al.*, 2014). According to Mugenda and Mugenda (2012), a descriptive research design provides a valid and accurate representation of factors and variables, which pertain to the research questions.

#### **3.3 Target population**

A population is defined as the set of individuals, objects, or data from where a statistical sample can be drawn (Sanders *et al.*, 2015). Population is the entire group of individuals, events or objects having a common observable characteristic (Blumberg *et al.*, 2014). Blumberg, Cooper and Schindler further added that a population is the total sum of collected units from which the researcher draws conclusions of the study. The population for the study consisted of 545 distributors, retailers, wholesalers and bars in Mombasa.

#### **3.4 Sampling design**

##### **3.4.1 Sampling frame**

A sampling frame is the list of individuals or events, source material or device from which a sample is drawn (Mugenda & Mugenda, 2012). It comprises a list of all those within a

population who can be sampled, and may include individuals, households, organizations or institutions (Saunders *et al.*, 2014). The sampling frame for the study comprised of alcohol distributors, retailers, wholesalers and bars operating in Mombasa.

### 3.4.2 Sampling technique

The study adopted a stratified sampling technique. The strata consisted of distributors, wholesalers, retailers and bar owners. Once the strata were established, simple random sampling was used to pick respondents from each stratum.

### 3.4.3 Sampling size

The sample size was calculated using Mundryand Fischer (1998) formula; where z is the standard normal deviate = 1.96 for a 95% level of significance, 50% is the prevalence rate from other studies, and 0.05 is the degree of accuracy. Therefore,

$$n = \frac{z^2 p(1-p)}{d^2} \text{ Where:}$$

n= sample size;

z= the table value for the level of confidence, 95% level of confidence (1.96)

d= margin of error (0.05)

p= proportion to be estimated, Israel (1992) recommends that if you don't know the value of p then you should assume p=0.5

$$n = \frac{1.96^2 0.5(1-0.5)}{0.05^2} = 384$$

n=384

Since our target population is below 10,000 a sample size of 384 calculated from the first formula was discarded and another formula used that takes care of population of less than 10,000. Therefore the sample size was subjected to Cochran (1963) formula which is recommended for a population below 10,000. Using this formula the new sample size was 225 distributors, retailers, wholesalers and bars in Mombasa. N= 545 which was the target population of distributors, retailers, wholesalers and bars in Mombasa.

$$nf = \left( \frac{n}{1 + \frac{n}{N}} \right)$$

$$nf = \left( \frac{384}{1 + \frac{384}{545}} \right) = 225$$

Sample size of 225 will be used.

A suitable sample size for the study was drawn from the population. This population was considered to possess the qualities desired and had the capacity to facilitate the realization of the specific objectives of the study. Table 3.1 shows population distribution employed in the study.

**Table 3.1 Sample Size**

<b>Table 3. 2: Sample Size Distribution Type of Population</b>	<b>Population (P)</b>	<b>Sample (n) (41%)</b>
Distributors	109	45
Retailers	136	56
Wholesalers	136	56
Bar owners	164	68
<b>Total</b>	<b>545</b>	<b>225</b>

**Source: Researcher, 2016**

### **3.5 Data collection instrument**

The study used structured questionnaires to collect the required data from the respondents. The questionnaire comprised six sections, namely: Section I: Background information; Section II: Customer satisfaction by alcoholic beverages distributors in Mombasa, Kenya; Section III: Retail distributors; Section IV: Depot distributors, Section V: online distributors Section IV: direct distributors. A five point Likert scale that ranged from strongly disagrees to strongly agree was used. Mugenda and Mugenda (2012) explain that research procedures refer to a detailed description of the steps taken by the researcher to conduct the study. For this study, the draft questionnaire was developed first..

### **3.6 Data collection procedures**

Mugenda and Mugenda (2012) explain that research procedures refer to a detailed description of the steps taken by the researcher to conduct the study. For this study, the draft questionnaire was developed first. A pilot test was conducted on 20 questionnaires to collect preliminary data to enable the testing of validity and reliability. During the pilot study, the

researcher randomly distributed the research questionnaires to 20 respondents in the pilot study. The results of the pilot study were used to enhance the effectiveness of the data collection instrument and define the procedure to be applied in the actual study.

With the University letter of research approval, research permits was requested from the National Council for Science, Technology and Innovation (NACOSTI) and authorization from the respective distributors, retailers, wholesalers and bars. Actual data collection commenced after pilot study. In the course of the study, questionnaires were administered to respondents within each stratum. The data was collected within a period not exceeding two weeks.

### **3.7 The Pilot Test**

Prior to using a questionnaire to collect data it should be pilot tested. The purpose of the pilot test is to refine the questionnaire so that respondents will have no problems in answering the questions and there will be no problems in recording the data. In addition, it will enable one to obtain some assessment of the question's validity and the likely reliability of the data that will be collected. Pilot testing can be used to conduct preliminary analysis; this ensures that the data collected will enable the investigative questions to be answered (Saunders, Lewis & Thornhill 2012). In the study, the questionnaire was randomly administered to 10% of the sample size which were not included in the main study. The results of the pilot study informed changes to be made on the questionnaire so as to enhance its validity (Neuman, 2013).

#### **3.7.1 Validity of the Instruments**

Validity is the degree to which the test measures what it is supposed to measure. The questionnaire should be in line with the definition used in the research. When a measure is reliable and valid the results can be correctly utilized and understood (Elstak, 2013). Validity refers to the extent to which an instrument measures what is supposed to measure, data need not only to be reliable but also true and accurate. Mugenda and Mugenda (2003), points out that validity is the accuracy and meaningfulness of inferences, which are based on the research results. Validity exists if the data measure what they are supposed to measure. In order to test and enhance the validity of the questionnaire, twenty two (22) questionnaires' were pilot tested and reviewed with a view to improving validity of the data that was collected (Kothari, 2004). These respondents were not included in the final study sample in order to control for response biasness.

### **3.7.2 Reliability of the Instruments**

According to Cronbach (1951), reliability implies to the consistency of a set of measurement item. Reliability is the consistency of measurement or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. In short, it is the repeatability of measurement. When a person's score on the same test is given twice is similar, then, a measured is considered to be reliable. Twenty two (22) questionnaires were piloted by issuing them to respondents who were not included in the final study sample. The twenty two questionnaires were then coded and responses input into SPSS which was used to generate the reliability coefficient. The study made use of the most common internal consistency measure known as Cronbach's Alpha ( $\alpha$ ) which was generated by SPSS. It indicated the extent to which a set of test items can be treated as measuring a single latent variable (Cronbach, 1951). The recommended value of 0.7 was used as a cut-off of reliability for this study.

### **3.8 Ethical considerations and approval**

Ethics is a code of conduct which the researcher is supposed to obey when conducting the study (Mugenda & Mugenda, 2003). Ethical considerations relate to the moral standards that the researcher should consider in all research methods in all stages of the research design (Polit *et al.*, 2003). Due care was given to strict adherence of research procedures particularly those involving human subjects. Since the study involved human participants, care was taken to ensure that they are not affected negatively in any way and the research was not undertaken for personal gain (Mugenda & Mugenda, 2003). In addition, a research permit was sought before the research study began. Therefore approval was sought from Kenyatta University and National Council of Science, Technology and Innovation before undertaking the actual research.

The other ethical issues that were observed throughout the research process included: confidentiality and anonymity, voluntary participation and fairness on the respondents. This meant that if any respondent who felt uncomfortable to continue on the research would be allowed to step down. The researcher also ensured that the data collected would be treated with utmost confidentiality and would be used for purposes of the research only

### 3.9 Data analysis

Descriptive statistics was analyzed using frequency tables, percentages and mean. The results were presented using tables and figures. Inferential statistical analysis for the study included correlations linear regression, and multiple regressions. Regression was used to determine the level of significance in relationship between customer satisfaction and the various distribution strategies. Pearson Correlation was also used to establish the existence, nature and strength of the relationships between research variables and customer satisfaction. Statistical Package for Social Sciences (SPSS) version 20.0 was used to conduct data analysis.

#### 3.9.1 Analytical Model

The study sought to establish the effect of distribution strategy in customer satisfaction among the alcoholic beverages distributors in Mombasa County. The independent variables were retail distribution strategy, depot distribution strategy, online distribution strategy and direct distribution strategy.

The regression model used in this study was;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where,

Y – Customer satisfaction

$\beta_0$  – Constant

$X_1$  – Retail distribution strategy

$X_2$  – Depot distribution strategy

$X_3$  – Online distribution strategy

$X_4$  – Direct distribution strategy

$\epsilon$  = Error term

#### 3.9.2 Tests of Significance

The study conducted an F- test to establish the significance of the independent variables against the dependent variable. The significance of variables was interpreted at 95% confidence level. Interpretation was as follows; a variable with p-value of 0.05 and below is significant while that variable with p-value above 0.05 is insignificant.



**CHAPTER FOUR**  
**EMPIRICAL RESULTS AND INTERPRETATION**

**4.1 Introduction**

This chapter comprised of data analysis, findings and interpretation. Results were presented in tables and charts. The analyzed data was arranged under themes that reflected the research objectives.

**4.2 Response Rate**

**Table 4.1: Response Rate**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Returned	162	72%
Unreturned	63	28%
<b>Total</b>	<b>225</b>	<b>100%</b>

The number of questionnaires that were administered to the selected distributors, retailers, wholesalers and bars in Mombasa was 225. A total of 162 questionnaires were properly filled and returned. This represented an overall successful response rate of 72%. According to Mugenda and Mugenda (2003) and also Kothari (2004) a response rate of above 50% is adequate for a descriptive study. Babbie (2004) also asserted that return rates of above 50% are acceptable to analyze and publish, 60% is good and 70% is very good.

Based on these assertions from renowned scholars, 72% response rate is very good for the study. Thus the response rate of 72% under this study was very good for study.

**4.3 Reliability**

**Table 4.2: Reliability Results**

<b>Variable</b>	<b>No of Items</b>	<b>Respondents</b>	<b><math>\alpha</math>=Alpha</b>	<b>Comment</b>
Retail Distribution Strategy	5	22	0.717	Reliable
Depot Distribution Strategy	4	22	0.795	Reliable
Online Distribution Strategy	5	22	0.723	Reliable
Direct Distribution Strategy	5	22	0.751	Reliable

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Customer Satisfaction	9	22	0.936	Reliable
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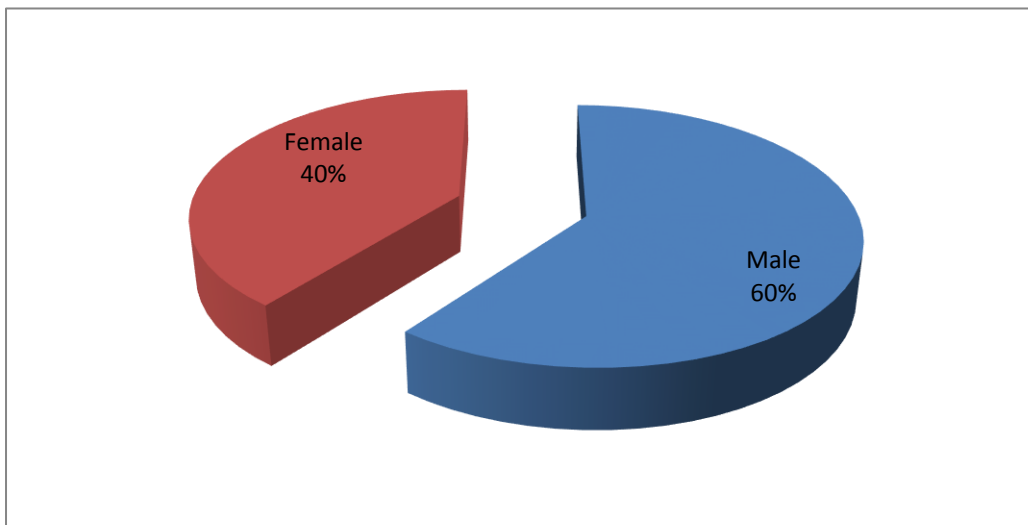
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The cronbach alpha was calculated in a bid to measure the reliability of the questionnaire. This was done by subjecting the questionnaire to 22 respondents. All the variables were reliable since their cronbach alpha was above 0.7 which was used as a cut-off of reliability for the study.

#### 4.4 Demographic Characteristics

This section consists of information that describes basic characteristics of the respondents such as gender, category, distribution Strategy, duration, education Level and department.

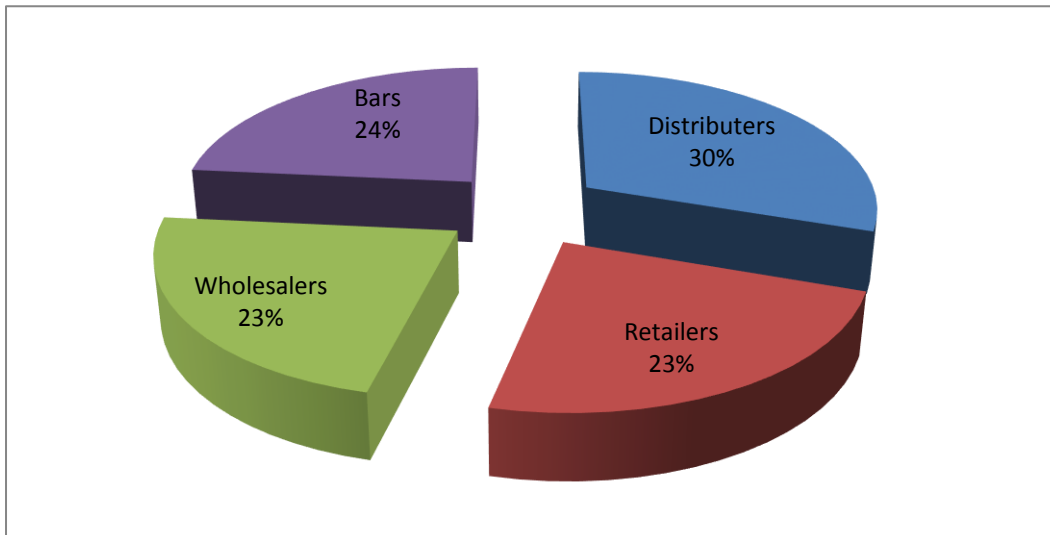
##### 4.4.1 Gender of the respondents



**Figure 4.1: Gender of respondents**

The respondents were asked to indicate their gender. Figure 4.1 reveals that majority (60%) of the respondents were male while 40% were female. This implies that men dominate in the alcoholic beverages sector.

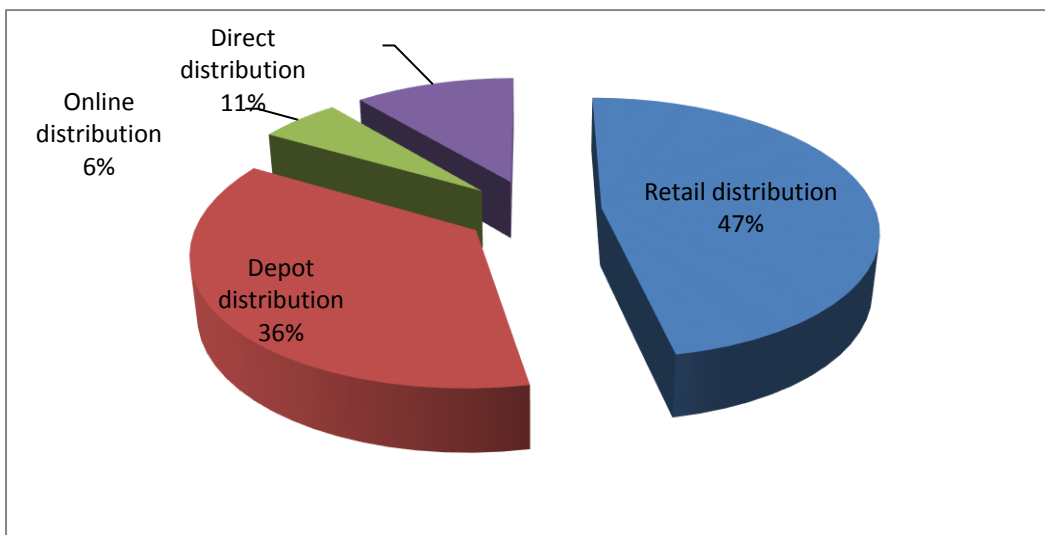
#### 4.4.2 The Respondents' Category



**Figure 4.2: The Respondents' Category**

The respondents were asked to indicate their category. Results in figure 4.2 reveals that 30% of the respondents were distributors, 24% of the respondents were bar owners while 23% of the respondents were retailers and wholesalers respectively. This implies that the respondents are evenly distributed in the various categories.

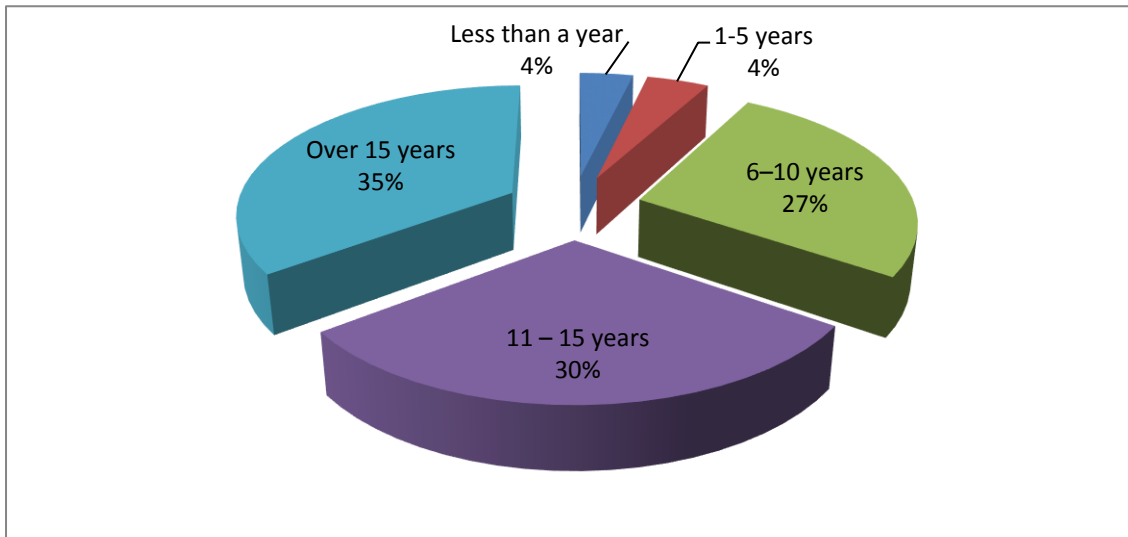
#### 4.4.3 The Distribution Strategy frequently used by Respondents



**Figure 4.3: Distribution Strategy**

The respondents were asked to indicate the distribution strategy they use frequently. Results in figure 4.3 reveals that 47% of the respondents indicated retail distribution, 36% indicated depot distribution, 11% indicated direct distribution while 6% indicated online distribution.

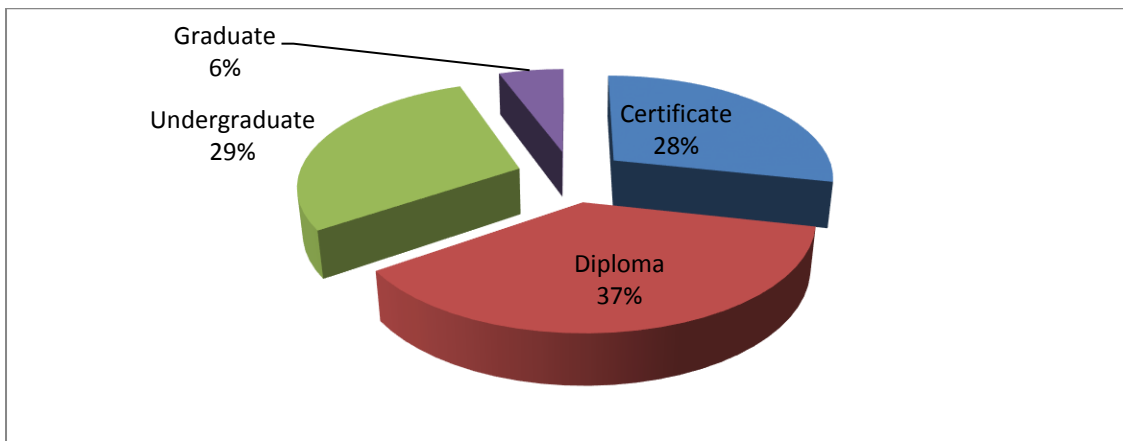
#### 4.4.4 The Respondents Period of existence in the Alcoholic and Beverages Sector



**Figure 4.4: Period of Existence in the Sector**

The respondents were asked to indicate the period they had been in the sector. Figure 4.4 reveals that 35% of the respondents indicated over 15 years, 30% indicated 11-15 years, 27% indicated 6-10 years while 4% indicated 1-5 years and less than a year respectively. This implies that majority of the respondents had over 10 years' experience in the alcoholic beverages sector.

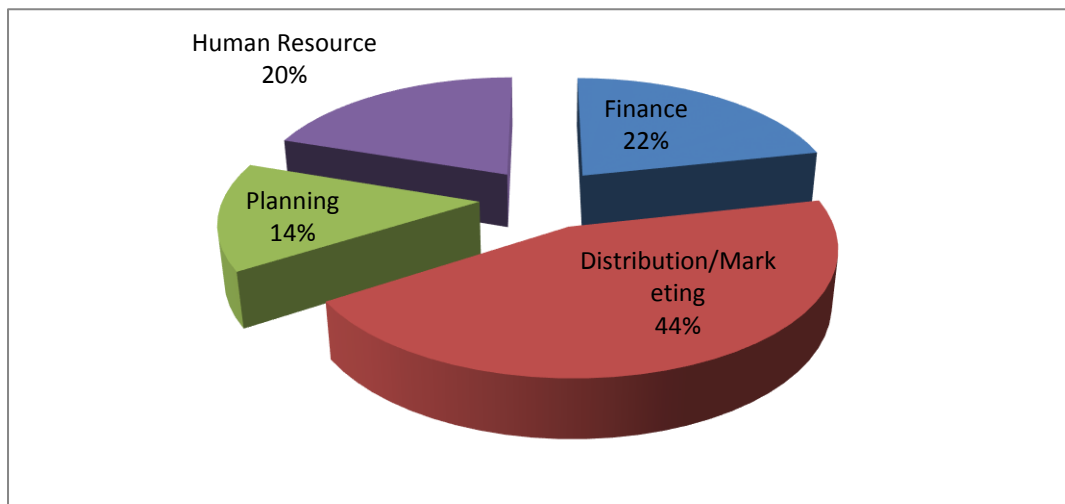
#### 4.4.5 Respondents' Education Level



**Figure 4.5: Education Level**

The respondents were asked to indicate their level of education. Results in figure 4.5 reveal that 37% of the respondents indicated diploma level, 29% indicated undergraduate, 28% indicated certificate while only 6% of the respondents indicated graduate level. This implies that all the respondents had attained post-secondary education. This implies that the respondents had the capacity to operate in the alcoholic beverages sector.

#### 4.4.6 The Respondents' Department



**Figure 4.6: Respondents' Department**

The respondents were asked to indicate their departments. Results in figure 4.6 reveal that 44% of the respondents were in distribution/marketing department, 22% were in finance, 20% were in human resource while 14% were in planning. This implies that most of the respondents were working in the distribution/marketing department.

#### 4.5 Descriptive Statistics

This section presents the descriptive results on retail distribution, depot distribution, online distribution and direct distribution.

#### 4.5.1 Retail Distribution Strategy

**Table 4.3: Retail Distribution Strategy**

<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Dev</b>
Retailers take on assortment of goods that is convenient for customers looking for different type of products	2.50%	1.90%	3.70%	37.70%	54.30%	4.40	0.85
We break large quantities of products, sort them and offer forward to customers in smaller, manageable quantities	2.50%	1.20%	1.90%	43.80%	50.60%	4.39	0.81
Retailers take care of inventory, making sure that products are available for customers when they want them	2.50%	1.90%	1.90%	46.90%	46.90%	4.34	0.82
Retailers provide additional services to customers like ability to test products, information about products or extra delivery services	1.90%	1.90%	1.20%	47.50%	47.50%	4.37	0.77
Retailers increase product value by providing it to customer in wanted time and location, in preferred quantity with additional service	0.60%	0.60%	2.50%	55.60%	40.70%	4.35	0.63
<b>Average</b>						<b>4.37</b>	<b>0.77</b>

The first objective of the study was to determine the effect of retail distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County. The respondents were asked to respond to statements on retail distribution strategy. The responses were rated on a five likert scale as presented in Table 4.3. Majority of 92% (37.7% +54.3%) of the respondents agreed with the statement that retailers take on assortment of goods that is convenient for customers looking for different type of products, 95% agreed with the

statement that we break large quantities of products, sort them and offer forward to customers in smaller, manageable quantities, 94% of the respondents agreed that retailers take care of inventory, making sure that products are available for customers when they want them, 96% of the respondents agreed that retailers provide additional services to customers like ability to test products, information about products or extra delivery services while 97% of the respondents agreed that retailers increase product value by providing it to customer in wanted time and location, in preferred quantity with additional service.

On a five point scale, the average mean of the responses was 4.37 which mean that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 0.77.

#### 4.5.2 Depot Distribution Strategy

**Table 4.4: Depot Distribution Strategy**

<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Dev</b>
Reduces costs of goods sold merchandise is ordered and sent to the distribution center in large quantities	1.90%	1.90%	2.50%	45.70%	48.10%	4.36	0.79
We can ensure of product availability because large quantities are distributed	1.90%	1.20%	1.20%	50.60%	45.10%	4.36	0.74
We can distribute to many selling agents through depot distribution	0.60%	1.90%	1.20%	47.50%	48.80%	4.42	0.68
We can connect other type of product distribution strategies through this	1.20%	0.60%	1.20%	46.90%	50.00%	4.44	0.68
<b>Average</b>						<b>4.40</b>	<b>0.72</b>

The second objective of the study was to determine the effect of depot distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County. The respondents were asked to respond to statements on depot distribution strategy. The responses were rated on a five likert scale as presented in Table 4.4. Majority of 94% (45.7%+48.10%) of the respondents agreed with the statement that depot distribution

strategy reduces costs of goods sold merchandise is ordered and sent to the distribution center in large quantities, 96% agreed with the statement that we can ensure of product availability because large quantities are distributed, 97% of the respondents agreed that we can distribute to many selling agents through depot distribution while 97% of the respondents agreed that we can connect other type of product distribution strategies through depot distribution strategy. On a five point scale, the average mean of the responses was 4.40 which mean that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 0.77.

### 4.5.3 Online Distribution Strategy

**Table 4.5: Online Distribution Strategy**

<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Dev</b>
Online distribution connects to customers around the world increasing market opportunities for companies	1.90%	1.20%	1.20%	50.00%	45.70%	4.36	0.75
Enables companies to collect information about clients and their shopping behavior which can support further product distribution	0.60%	1.90%	1.20%	45.70%	50.60%	4.44	0.68
Customers are able to browse through the products and make sales decisions without time and place limitations	1.20%	1.20%	1.90%	53.10%	42.60%	4.35	0.70
You can compare functions and prices of similar products	1.20%	1.90%	0.60%	45.10%	51.20%	4.43	0.72
Online distribution gives customers all marketing power, as it operates for customers benefit	1.20%	1.20%	1.20%	48.10%	48.10%	4.41	0.70
<b>Average</b>						<b>4.40</b>	<b>0.71</b>

The third objective of the study was to establish the effect of online distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County. The respondents were asked to respond to statements on online distribution strategy. The

responses were rated on a five likert scale as presented in Table 4.5. Majority of 96% (50.0% +45.7%) of the respondents agreed with the statement that online distribution connects to customers around the world increasing market opportunities for companies, 97% agreed with the statement that online distribution strategy enables companies to collect information about clients and their shopping behavior which can support further product distribution, 96% of the respondents agreed that customers are able to browse through the products and make sales decisions without time and place limitations, 96% of the respondents agreed that you can compare functions and prices of similar products, further, 96% of the respondents agreed that online distribution gives customers all marketing power, as it operates for customers benefit.

On a five point scale, the average mean of the responses was 4.40 which mean that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 0.71.

#### 4.5.4 Direct Distribution Strategy

**Table 4.6: Direct Distribution Strategy**

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev
	d				ly Agree		
Direct distribution gives companies better access to buyers					44.40		
	1.20%	1.90%	1.20%	51.20%	%	4.36	0.719
We reduce costs caused by middle men through direct distribution					52.50		
	1.20%	1.20%	1.20%	43.80%	%	4.45	0.705
We can get customers' feedback and response on our products					47.50		
	1.90%	1.20%	1.20%	48.10%	%	4.38	0.749
You can compare functions and prices of similar products by other distributors					42.00		
	0.60%	2.50%	0.60%	54.30%	%	4.35	0.681
Improves speed of delivery and logistics functions within					45.10		
	1.90%	1.90%	0.60%	50.60%	%	4.35	0.76
<b>Average</b>						<b>4.38</b>	<b>0.72</b>

The fourth objective of the study was to establish the effect of personal distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County. The respondents were asked to respond to statements on direct distribution strategy. The responses were rated on a five likert scale as presented in Table 4.6. Majority of 96% (51.2% +44.4%) of the respondents agreed with the statement that direct distribution gives companies better access to buyers, 97% agreed with the statement that we reduce costs caused by middle men through direct distribution, 96% of the respondents agreed that we can get customers' feedback and response on our products, 95% of the respondents agreed that you can compare functions and prices of similar products by other distributors while 96% of the respondents agreed that direct distribution strategy improves speed of delivery and logistics functions within.

On a five point scale, the average mean of the responses was 4.38 which mean that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 0.72

#### 4.5.5 Customer satisfaction

**Table 4.7: Customer Satisfaction**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Moderate extent	37	22.8
Great extent	125	77.2
<b>Total</b>	<b>162</b>	<b>100</b>

The respondents were asked to indicate the extent to which their customers were satisfied with their products. Results in table 4.7 reveal that majority (77%) of the respondents indicated great extent while 23% of the respondents indicated moderate extent.

**Table 4.8: Customer Satisfaction**

<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Dev</b>
We distribute different brands to increase customer satisfaction	0.60%	1.20%	2.50%	51.20%	44.40%	4.38	0.66
We ensure that our products are of high quality to meet customer's demands	0.60%	1.20%	1.90%	47.50%	48.80%	4.43	0.66
We have experienced customer care that handles our customer's complaints	0.60%	0.60%	1.90%	38.90%	58.00%	4.53	0.63
The type of distribution strategy determine availability of our products thus affecting customer's satisfaction	1.20%	0.00%	1.90%	51.20%	45.70%	4.40	0.65
We consider tastes and preferences to satisfy our customers	1.20%	0.60%	1.90%	50.00%	46.30%	4.40	0.68
Customer satisfaction is prioritized here to keep and maintain them	0.60%	0.60%	1.20%	48.10%	49.40%	4.45	0.62
Availability of substitute products affects customer retention	0.00%	0.00%	9.1%	46.90%	44.0%	2.53	0.50
<b>Average</b>						<b>4.16</b>	<b>0.63</b>

The respondents were further asked to respond to statements on customer satisfaction. The responses were rated on a five likert scale as presented in Table 4.8. Majority of 95% (51.2%+44.4%) of the respondents agreed with the statement that we distribute different brands to increase customer satisfaction, 97% agreed with the statement that We ensure that our products are of high quality to meet customer's demands, 97% of the respondents agreed that we have experienced customer care that handles our customer's complaints, 97% of the respondents agreed that the type of distribution strategy determine availability of our products

thus affecting customer's satisfaction, 96% agreed that we consider tastes and preferences to satisfy our customers, 97% of the respondents agreed that customer satisfaction is prioritized here to keep and maintain them while 94% agreed that availability of substitute products affects customer retention.

On a five point scale, the average mean of the responses was 4.16 which means that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 0.63.

#### 4.6 Inferential Statistics

Inferential analysis was conducted to generate correlation results, model of fitness, and analysis of the variance and regression coefficients.

##### 4.6.1 Correlation Analysis

**Table 4.9: Correlation Matrix**

		Customer Satisfaction	Retail Distribution	Deport Distribution	Online Distribution	Direct Distribution
Customer Satisfaction	Pearson Correlation	1.000				
	Sig. (2-tailed)					
Retail Distribution	Pearson Correlation	0.935	1.000			
	Sig. (2-tailed)	0.000				
Deport Distribution	Pearson Correlation	0.362	0.349	1.000		
	Sig. (2-tailed)	0.000	0.000			
Online Distribution	Pearson Correlation	0.958	0.942	0.381	1.000	
	Sig. (2-tailed)	0.000	0.000	0.000		
Direct Distribution	Pearson Correlation	0.315	0.486	0.278	0.396	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

Table 4.9 presents the results of the correlation analysis. The results revealed that retail distribution strategy and customer satisfaction are positively and significantly associated ( $r=0.935$ ,  $p=0.000$ ). The table further indicated that depot distribution strategy and customer satisfaction are positively and significantly associated ( $r=-0.362$ ,  $p=0.000$ ). It was further established that online distribution strategy and customer satisfaction are positively and significantly associated ( $r=0.958$ ,  $p=0.000$ ). Similarly, results showed that direct distribution strategy and customer satisfaction are positively and significantly associated ( $r=0.315$ ,  $p=0.000$ ). This implies that a change in any unit of the variables leads to a significant change customer satisfaction.

#### 4.6.2 Regression Analysis

**Table 4.10: Model Fitness**

Indicator	Coefficient
R	0.970
R Square	0.940

The results presented in table 4.10 present the fitness of model used of the regression model in explaining the study phenomena. Retail, depot, online and direct distribution strategies were found to be satisfactory variables in customer satisfaction. This is supported by coefficient of determination also known as the R square of 94%. This means that retail, depot, online and direct distribution strategies explain 94% of the variations in the dependent variable which is customer satisfaction. This results further means that the model applied to link the relationship between distribution strategies and customer satisfaction was satisfactory.

**Table 4.11: Analysis of Variance**

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	99.191	4	24.798	615.987	0.000
Residual	6.32	157	0.04		
Total	105.511	161			

In statistics significance testing the p-value indicates the level of relation of the independent variable to the dependent variable. If the significance number found is less than the critical

value also known as the probability value (p) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; else the model would be regarded as non-significant.

Table 4.11 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of performance. This was supported by an F statistic of 615.987 and the reported p value (0.000) which was less than the conventional probability of 0.05significance level.

**Table 4.12: Regression of Coefficients**

<b>Variable</b>	<b>B</b>	<b>Std. Error</b>	<b>T</b>	<b>Sig.</b>
(Constant)	0.539	0.200	2.694	0.008
Retail distribution strategy	0.405	0.060	6.729	0.000
Depot distribution strategy	0.118	0.019	6.211	0.001
Online distribution strategy	0.856	0.087	9.883	0.000
Direct distribution strategy	0.184	0.031	5.835	0.000

Regression of coefficients results in table 4.12 shows that retail distribution strategy and customer satisfaction are positively and significantly related ( $\beta=0.405$ ,  $p=0.000$ ). The table further indicates that depot distribution strategy and customer satisfaction are positively and significantly related ( $\beta=0.118$ ,  $p=0.001$ ). It was further established that online distribution strategy and customer satisfaction were positively and significantly related ( $\beta =0.856$ ,  $p=0.000$ ), direct distribution strategy and customer satisfaction were also found to be positively and significantly related ( $\beta = 0.184$ ,  $p=0.000$ ).

Thus, the optimal model for the study is;

$$\text{Customer Satisfaction} = 0.539 + 0.405 \text{ Retail Distribution Strategy} + 0.118 \text{ Depot Distribution Strategy} + 0.856 \text{ Online Distribution Strategy} + 0.184 \text{ Direct Distribution Strategy}$$

The regression equation denotes that when retail distribution strategy changes by 1 unit, customer satisfaction changes by 0.405 units; when depot distribution strategy changes by 1 unit, customer satisfaction changes by 0.118 units; when online distribution strategy changes by 1 unit, customer satisfaction changes by 0.856 units; and when direct distribution strategy changes by unit, customer satisfaction changes by 0.184 units.

#### 4.7 Hypothesis Testing and Discussion

This section presents the hypothesis testing of the study variables. The rule of thumb was to reject the hypothesis if the independent variable had a significant relationship with the dependent variable. The significance was tested at a critical P value of 0.05.

**Table 4.13: Hypothesis Testing and Discussion**

Objective No	Objective	Hypothesis	Rule	P value	Comment
Objective 1	To determine the effect of retail distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County, Kenya.	H <sub>01</sub> : Retail distribution strategy has no effect on customer satisfaction among the alcoholic beverages distributors in Mombasa County, Kenya.	Reject H <sub>01</sub> if p value < 0.05	0.000	The null hypothesis was rejected; therefore retail distribution strategy affects customer satisfaction.
Objective 2	To determine the effect of depot distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County, Kenya.	H <sub>02</sub> : Depot Distribution strategy has no effect on customer satisfaction among the alcoholic beverages distributors in Mombasa County, Kenya.	Reject H <sub>02</sub> if p value < 0.05	0.001	The null hypothesis was rejected; therefore depot distribution strategy affects customer satisfaction.
Objective 3	To establish the effect of online distribution strategy on customer	H <sub>03</sub> : Online distribution strategy has no	Reject H <sub>03</sub> if p value	0.000	The null hypothesis was rejected;

	satisfaction among the alcoholic beverages distributors in Mombasa County, Kenya.	effect on customer satisfaction among the alcoholic beverages distributors in Mombasa County, Kenya.	<0.05		therefore online distribution strategy affects customer satisfaction.
Objective 4	To establish the effect of personal distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County, Kenya.	H <sub>03</sub> : Personal Distribution strategy has no effect on customer satisfaction among the alcoholic beverages distributors in Mombasa County, Kenya.	Reject H <sub>03</sub> if p value <0.05	0.000	The null hypothesis was rejected; therefore personal distribution strategy affects customer satisfaction.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter addresses the summary of the findings, the conclusions and the recommendations. This is done in line with the objectives of the study.

#### 5.2 Summary of Findings

This section provides a summary of the findings from the analysis. This is done in line with the objectives of the study.

##### 5.2.1 Retail Distribution Strategy

The first objective of the study was to determine the effect of retail distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County. The findings revealed that retail distribution strategy has a positive and significant effect on customer satisfaction among alcohol beverages distributors. This is also supported by the statements in the questionnaire which majority of the respondents agreed. This was also supported by the regression results which revealed that retail distribution strategy had a positive and significant effect on customer satisfaction as supported by a beta coefficient of 0.405 and a p value of 0.000.

These findings agree with that of Huda, Zubayer and Faruq (2011) who conducted a study on Retail Marketing Strategies of Retail Stores. The study found that keeping branded products, credit sells, promotion, building customer relations, etc. by retailers do not vary due to the differences in location. It also found that the way of expressing the quality to customers, measurement of quality, price fixation, etc. differ due to the variations in locations.

##### 5.2.2 Depot Distribution Strategy

The second objective of the study was to determine the effect of depot distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County. The findings revealed that depot distribution strategy has a positive and significant effect on customer satisfaction among alcohol beverages distributors. This is also supported by the statements in the questionnaire which majority of the respondents agreed. This was also supported by the regression results which revealed that depot distribution strategy had a

positive and significant effect on customer satisfaction as supported by a beta coefficient of 0.118 and a p value of 0.001.

These findings agree with that of Bucklin (1960) who conducted a study on depot distribution strategy. According to the author, firms chose channels that minimized the distribution costs associated with delivery time of these outputs. Bucklin argued that with a very short delivery time, the intermediate inventory is necessary because only in this way can goods be rushed quickly to the consumer. The more the consumer wants the good quickly, the more the inventory and safety stock is needed.

### **5.2.3 Online Distribution Strategy**

The third objective of the study was to establish the effect of online distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County. The findings revealed that online distribution strategy has a positive and significant effect on customer satisfaction among alcohol beverages distributors. This is also supported by the statements in the questionnaire which majority of the respondents agreed. This was also supported by the regression results which revealed that online distribution strategy had a positive and significant effect on customer satisfaction as supported by a beta coefficient of 0.856 and a p value of 0.000.

These findings agree with that of Mahalingam (1999) who made an attempt to find out the effectiveness of the distribution network, IT experts, number of computers and suggested ways to improve it. The study concluded that the company needs a wider distribution network so as to increase the sales. Further, Kotler et al. (2008) pointed out that the fastest growing form of direct distribution is online-marketing or selling products through Internet. The study concluded that internet connects customers and producers around the world and therefore increases market opportunities for companies. Most of the companies have their own websites and provide customers with opportunity to buy their products online.

### **5.2.4 Personal Distribution Strategy**

The fourth objective of the study was to establish the effect of personal distribution strategy on customer satisfaction among the alcoholic beverages distributors in Mombasa County. The findings revealed that personal distribution strategy has a positive and significant effect on customer satisfaction among alcohol beverages distributors. This is also supported by the statements in the questionnaire which majority of the respondents agreed. This was also supported by the regression results which revealed that personal distribution strategy had a

positive and significant effect on customer satisfaction as supported by a beta coefficient of 0.184 and a p value of 0.000.

These findings agree with that of Kotler (2006) who observed that marketing and personal product distribution plays a critical role in the company's strategic planning process. Marketing prepares quality plans to implement business strategies which lead to sustainable competitive advantage. Further, Kombo (1997) found that the economic reforms in the country such as liberalization forced firms in the motor industry to develop new strategies such as improved customer service.

### **5.3 Conclusions**

Based on the findings above the study concludes that retail distribution strategy, depot distribution strategy, online distribution strategy and personal distribution strategy influence customer satisfaction among alcoholic beverages distributors. The study concludes that retail distribution strategy, depot distribution strategy, online distribution strategy and personal distribution strategy have an active and direct role in customer satisfaction.

The retail and online distribution strategies were found to have more influence on customer satisfaction.

### **5.4 Recommendations**

Based on the research findings, the study recommends that the alcohol beverages sector should focus on customer satisfaction by adopting appropriate distribution strategies. Also, the study recommends that distributors of alcohol beverages should choose a distribution strategy that best serves their customers. Further, the study recommends that distributors of alcohol beverages should use a combination of more than one distribution strategy. This will help to improve the service provision to the customers.

### **5.5 Areas for Further Studies**

The study sought to find the effects of retail distribution strategy, depot distribution strategy, online distribution strategy and personal distribution strategy on customer satisfaction in Mombasa county only. Therefore, further studies could be considered in other alcoholic beverages distributors in Kenya for the purpose of making a comparison of the findings with those of the current study. Additionally, further studies could also focus on other variables affecting customer satisfaction among alcoholic beverages distributors in Mombasa County such as the type of beverages distributed

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## APPENDICES

### Appendix 1: INTRODUCTION LETTER

To: Mombasa county alcoholic beverages distributors

Hello, I am..... a Student from Kenyatta University .I am carrying out a research on the effects of channel distribution strategy on customer satisfaction among the alcoholic beverages distributors in mombasa county, kenya

Your response will be compiled in a report that will come forth and will assist the alcoholic industry stakeholders to address issues that affect alcoholic beverages customers in Mombasa county in order to improve customer care. The information will be confidential and will not affect your relationship with administration, or heads of department now or in future. The interview will take approximately 5 minutes. Where you need clarification now or in future you can contact Peter Maina (0721608093) Please answer as accurate as possible, and let me know in case of any difficulties. You are free to withdraw from this interview, any time without explanation. Thank you.

Yours Faithfully,

Peter M Maina

Researcher

## Appendix 11: SELF- ADMINISTERED QUESTIONNAIRE

Kindly answer the following questions as honestly and accurately as possible. The information given will be treated with a lot of confidentiality. You are encouraged to give your honest opinion. Put a tick (✓) where appropriate.

### Section A: Demographic data

1. What is your gender?      Male [ ]      Female [ ]

2. What is your category?

- a) Distributers      [ ]
- b) Retailers      [ ]
- c) Wholesalers      [ ]
- d) Bars      [ ]

3. Mode of distribution strategy frequently used

- a) Retail distribution      [ ]
- b) Depot distribution      [ ]
- c) Online distribution      [ ]
- d) Direct distribution      [ ]

4. How long have you been in this sector?

- a) Less than a year      [ ]
- b) 1 - 5 years      [ ]
- c) 6 – 10 years      [ ]
- d) 11 – 15 years      [ ]
- e) Over 15 years      [ ]

5. What is your level of education?

- a) Post graduate      [ ]
- b) Graduate      [ ]
- c) Under graduate      [ ]
- d) Diploma      [ ]
- d) Certificate      [ ]

5. What is your department?

- a) Finance      [ ]
- b) Distribution/Marketing      [ ]
- c) Planning      [ ]
- d) Human Resource      [ ]

**Section B: Customer satisfaction**

6. Do what extent do you think your customers are satisfied by your products?

- a) Great extent
- b) Moderate extent
- c) Low extent

No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	We distribute different brands to increase customer satisfaction					
2	We ensure that our products are of high quality to meet customer's demands					
3	We have experienced customer care that handles our customer's complaints					
4	The type of distribution strategy determine availability of our products thus affecting customer's satisfaction					
5	We consider tastes and preferences to satisfy our customers					
6	Customer satisfaction is prioritized here to keep and maintain them					
7	Availability of substitute products affects customer retention					
8	Customer satisfaction has fundamental importance in business growth and competitive advantage					

**Section C: Retail distribution strategy**

No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	Retailers take on assortment of goods that is convenient for customers looking for different type of products					
2	We break large quantities of					

No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
	products, sort them and offer forward to customers in smaller, manageable quantities					
3	Retailers take care of inventory, making sure that products are available for customers when they want them					
4	Retailers provide additional services to customers like ability to test products, information about products or extra delivery services					
5	Retailers increase product value by providing it to customer in wanted time and location, in preferred quantity with additional service					

**Section D: Depot distribution strategy**

No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	Reduces costs of goods sold merchandise is ordered and sent to the distribution center in large quantities					
2	We can ensure of product availability because large quantities are distributed					
3	We can distribute to many selling agents through depot distribution					
4	We can connect other type of product distribution strategies through this					

**Section E: Online distribution strategy**

No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	Online distribution connects to customers around the world increasing market opportunities for companies					
2	Enables companies to collect information about clients and their shopping behavior which can support further product distribution					
3	Customers are able to browse through the products and make sales decisions without time and place limitations					
4	You can compare functions and prices of similar products					
5	Online distribution gives customers all marketing power, as it operates for customers benefit					

**Section F: Direct distribution strategy**

No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	Direct distribution gives companies better access to buyers					
2	We reduce costs caused by middle men through direct distribution					
3	We can get customers' feedback and response on our products					
4	You can compare functions and prices of similar products by other distributors					
5	Improves speed of delivery and logistics functions within					

**Appendix111:WORK PLAN**

	<b>MAY</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUG</b>	<b>SEPT</b>	<b>OCT</b>	<b>NOV</b>
<b>Concept Paper</b>							
<b>Project Proposal</b>							
<b>Data Collection</b>							
<b>Data Analysis</b>							
<b>Data Presentation</b>							
<b>Project Report</b>							

### Appendix 1V: BUDGET

	<u>ACTIVITY</u>	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>TOTAL</u>
<b>PROJECT</b>	Typing	30	30x3	90
	Printing		30	30
	Binding			60
	Photocopying			
<b>PRETESTING</b>	Questionnaire	1 copy	1x3x3	9
	Photocopying	50 copies	3x50x4	600
<b>RESEARCH TOOLS</b>	Questionnaire	50	2x5x50	500
<b>DATA CODING ITEMS</b>	Pencils	4	4x20	80
	Rubber	4	4x10	40
	Sharpener	2	2x20	40
<b>TRANSPORT</b>	Public transport	200km	5 x800	4000
<b>MISCELLANEOUS</b>				3000
<b>TOTAL</b>				8450


Appendix V: Kenyatta University letter of approving Research proposal

## Appendix V1: Kenyatta University Letter of authorizing Research

# Appendix V11: NACOSTI LETTER

**THIS IS TO CERTIFY THAT:** **MR. PETER MACHARIA MAINA** of **KENYATTA UNIVERSITY, 13283-20100 Nakuru**, has been permitted to conduct **research in Mombasa County** on the topic: **THE EFFECTS OF DISTRIBUTION STRATEGY IN CUSTOMER SATISFACTION AMONG THE ALCOHOLIC BEVERAGES DISTRIBUTORS IN MOMBASA COUNTY** for the period ending: **31st October, 2017**

**Permit No : NACOSTI/P/16/56595/14347**  
**Date Of Issue : 31st October, 2016**  
**Fee Received :Ksh 1000**





**Applicant's Signature**

**Director General**  
**National Commission for Science, Technology & Innovation**

**CONDITIONS**

- 1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit.**
- 2. Government Officer will not be interviewed without prior appointment.**
- 3. No questionnaire will be used unless it has been approved.**
- 4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.**
- 5. You are required to submit at least two(2) hard copies and one (1) soft copy of your final report.**
- 6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice**

**REPUBLIC OF KENYA**



**National Commission for Science, Technology and Innovation**

**RESEACH CLEARANCE PERMIT**

**Serial No.A11534**

**CONDITIONS: see back page**



