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**FACTORS AFFECTING THE DISTRIBUTION OF DAIRY PRODUCTS: A CASE
OF GITHUNGURI DAIRY FARMERS COOPERATIVE SOCIETY LIMITED.**

**BY
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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT FOR THE
REQUIREMENT OF THE AWARD OF A DEGREE OF MASTERS OF BUSINESS
ADMINISTRATION (MBA), SCHOOL OF BUSINESS KENYATTA UNIVERSITY**

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DECLARATION

This project is my original work and has not been presented for a degree in any other university or any other examination body.

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I confirm that the work presented in this project was carried out by the candidate under my supervision.

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DEDICATION

I dedicate this Work to my family for bearing with me the many times I have not been able to give them attention while studying. I appreciate the financial and moral support from my husband Anthony Saint and encouragement and prayers from my children Eric and Zoe. May God bless them in a special way.

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I acknowledge the contribution, support and guidance of my supervisor Mr. Murungi particularly for the time he spent checking on the progress of this research paper, which gave me a lot of encouragement to continue even when the going seemed rough. May Almighty God bless him abundantly.

ABSTRACT

In many countries in sub-Saharan Africa, including Kenya, there has been increasing desire to institute policy and institutional reforms to raise sectoral productivity and income growth. These concerns include the need to encourage private sector participation in providing farm inputs, financial and marketing services, and technical support (Nyariki and Thirtle, 2000). The reforms in the dairy sector in Kenya, for example, were aimed at meeting the dairy production requirements through the use of improved technologies, increased input use and creation of an enabling economic and institutional environment, with favourable dairy development policies. The general objective of this study was to establish the factors that affect the distribution of dairy products in Kenya. The research design that was used in this study was descriptive design. In this regards, since this study was investigating the factors that affect the distribution of dairy products, descriptive research becomes the most appropriate. The target population of this study included employee 41 employees of Githunguri Dairy Farmers Co-operative societies from various level of management, 200 Distributors and 10 sales representatives. From the above population a sample of 30% from within each group in proportions that each group bear to the population as a whole was taken using stratified random sampling which gave each item in the population an equal probability chance of being selected. Therefore, a total sample of 75 respondents was selected for this study. The study used primary data collected through questionnaires to carry out the study. The coded data was then analyzed using statistical measures such as percentages, mean scores and standard deviations. The researcher used data with an aim of presenting the research findings in respect to the factors affecting the distribution of product of Githunguri D.F.C.S. The study revealed that market availability affects the distribution of dairy products, the study also found that market availability affects the distribution of dairy product to great extent. The study established that the nature of the product produced by the company affects the distribution of its product, the study found that the nature of the product affects the distribution of the products to great extent. The study further revealed that packaging affects the distribution of dairy products to great extent. It was further established that infrastructure affect the distribution of dairy products to great extent. The study further revealed that infrastructure affects the distribution of dairy products through various distribution channels, road network and various types of distribution methods.

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LIST OF ABBREVIATIONS

FAO	Food and Agriculture Organization
GDFCSL	Githunguri Dairy Farmers Cooperative Society Limited
GDP	Gross Domestic Product
KCC	Kenya co-operative creameries
KDB	Kenya Dairy Board
SDP	Smallholder Dairy Project
TQM	Total Quality Management
UHT	Ultra-High-Temperature

CHAPTER ONE:

INTRODUCTION

1.1 Background of the Study

Distribution decisions are among the most important decisions that management faces, as they directly affect every other marketing decision (Kotler & Armstrong, 1996). The company's pricing for example, depends on whether it uses mass merchandisers or specialty stores. Similarly, the sales force and advertising decisions depend on how much persuasion, training, and motivation the dealers need. Whether a company develops or acquires certain new products may depend on how well those products fit the abilities of its channel members. Efficient physical distribution is of great importance for successful marketing, as physical distribution costs have increasingly become an important marketing cost (Kotler & Armstrong, 1996). Physical distribution of milk includes the planning of refrigerated warehousing, modes of transport and stockholding.

In designing marketing channels, a balance needs to be found between what is ideal and what is practical (Kotler & Armstrong, 1996). Channel systems are often developed to make the most of local opportunities and conditions. Certain factors such as consumer service needs, channel objectives and constraints and channel alternatives always need to be considered. Designing the distribution channel starts with finding out what values consumers in various target segments want from the channel. For instance, do consumers only want to buy from nearby locations or are they willing to travel to more distant centralized locations? (Kotler & Armstrong, 1996).

The distribution of fresh milk, being a perishable product with a limited shelf life of about seven days, needs careful planning. It is important that all milk packages have a sell-by date printed on the product. This is an indication to the customer of the product's freshness. If milk is uniformly priced, many customers consider their choice of purchase by checking the shelf life of the milk. Shelf life has become an important product benefit, which is associated with freshness. As competitive pricing strategies may urge customers to look for

other benefits besides price, branding and 'freshness' become important. Most milk is delivered daily to chain stores and retail outlets to ensure freshness and quality.

Channel objectives should be stated in terms of the desired service level of target customers (Murray & O' Driscoll, 1996). The company needs to select which segment to serve and the best channel to use. The company's channel objectives are influenced by its products, company policies, competitors and the environment. Product characteristics affect the dairy companies' channel design. Perishable products require more direct marketing due to the shelf life of the product (Kotler, 1997). This particularly applies to fresh milk. Company characteristics such as size and financial situation also play an important role when setting channel objectives.

Modern logistics involves planning, implementing and controlling the flow of goods from the point of origin to the consumer, in order to make a profit (Kotler & Armstrong, 1996). Marketers today prefer market logistical thinking to that of the traditional physical delivery, where distribution started at the plant and low cost solutions were used to get the product to the consumer. A logistics manager now needs to manage the entire supply chain. His/her tasks therefore include forecasting, using information systems, purchasing, production planning, order processing, controlling inventory, warehousing, and transportation planning (Kotler & Armstrong, 1996). Dairy companies are therefore placing greater emphasis on logistics. They can offer better services or lower prices through better physical distribution, which is increasingly being demanded by retail outlets these days. Recent technological advances and trends have come to affect physical distribution. These factors include: automation; environmental issues; partnerships; quality issues in transportation; and global distribution. Manual handling in distribution is outdated (Kotler & Armstrong, 1996). Information technology has boosted the efficiency of physical distribution dramatically. One of the major goals of this new technology is to bring information to the decision-maker timeously. The rapid exchange of information that automation brings to the distribution process helps each party plan more effectively (Kotler & Armstrong, 1996).

1.1.1 Kenya Dairy Industry Production

Agriculture is an important sector of the economy, constituting about 27% of GDP. 70% of population is rural and 50% is classified as agricultural self-employment (Gatheru et al, 2004). Within agriculture, dairy plays an important role as a contributor to GDP and an important source of livelihood for a huge portion of Kenyan rural population. Calculated at international prices, cow milk is the most significant agricultural commodity for Kenya (FAO, 2009). Estimating the size of the dairy industry, however, is a challenge. Most of the sector is informal, and the official statistics capture only a small portion that is formal.

Almost all Kenyan dairy statistics are only estimates, at best (Gatheru, et al, 2004). The last cattle census was conducted in the 1960's. The current official cattle population statistics come from the Ministry of Livestock and Fisheries Development, through its field reports compiled by extension officials. The methods used for estimating livestock size by extension officials are questionable (SDP, 2005). The country has about 3.3 million livestock of milk producing ability and 70% of total milk production comes from grade and zebu cattle. Milk production is in excess of 3.1 billion litres per year and the country is self reliant in milk and milk products except in years of drought. The survey conducted by Smallholder Dairy Project (SDP) asserts that the actual cattle number might be double the official figure. The Food Agricultural Organization uses the figure of 5.5 billion milking animals. The discrepancy in the cattle size leads to a very different estimate of average annual yield per cow. According to FAO an average yield per cow is 564 kg per year, (FAO, 2009) while the official figures place it at around 1,000 kg per year per cow. That being said, the milk production figures which are used to determine the yield are also only an estimate. Both FAO and the official statistics place the milk production for 2010 at approximately 6 billion liters (FAO, 2009).

In 2008, only 530 million liters were processed (KDB, 2009). It is estimated that another 10.5% of milk produced is consumed by calves, 34.5% on-farm and 55% is marketed, including both formal and informal market channels. Valuing on-farm consumption at farm-gate price of 14 Ksh per liter, the informal market at 18-26 Ksh per liter and the formal market at 56 Ksh per liter, the value of the dairy sector could be approximately 73 billion

Ksh. This represents approximately 4% of GDP and 19% of agricultural GDP. When valuing dairy as a source of livelihood, the statistics are equally imprecise. It is widely cited that about 70-80% of milk production comes from smallholders, with the remainder from larger producers, estimated at about 5,000. The estimates of the number of smallholders vary. The number of 600,000 (Omoro et al, 1999, Kodhek, 1999) has been widely cited for many years. According to SDP, the Kenyan population has grown significantly over this period and the number is no longer valid. According to their revised estimate the number of smallholder dairy farms is much greater at about 1.8 million (ILRI, 2008) Kenya Dairy Board (KDB) estimates are lower at 1 million households. 1.8 million farms represent about 35% of rural households and 26% of total households in Kenya. Most of them combine dairy production with maize, or other cash crops. ILRI estimates that about 40% of their income comes from dairy. In addition to being an important source of recurrent revenue cattle is also an important asset investment providing non-recurrent income (from selling cattle or meat) (SDP, 2009). Income from dairy is also the only year-long recurrent revenue from agriculture, though revenue flows do fluctuate with seasons. Most of the dairy production is concentrated in Rift Valley and Central Province. 53% of dairy cattle is found in Rift Valley and 25% in Central Province (FAO, 2008) From there milk moves either to milk deficient areas or to Nairobi and other urban areas. Almost all Kenyan production goes to satisfy local demand. Trade in dairy products is insignificant.

Kenya is a net importer of dairy produce (Hooton, 2004). Net imports represent only about 0.5% of total milk produced in Kenya. Milk powder makes about 70% of imports by value, and is mostly used by Kenyan dairy processors during dry season to produce fresh milk. The only processor in Kenya with the capacity to produce milk powder is KCC (FAO, 2008). The collapse of KCC led to a surge in imports and almost complete collapse in exports. In value terms, the net imports represent a US\$3 million opportunity for Kenyan processors. There is an agreement that Kenya has a significant cattle population and that the average yields are low, with the official statistics placing it on par with India and the FAO numbers at half the Indian average yields. Either way, the yields are well below some other developing countries, such as South Africa and Argentina with yields at 2,500 – 3,500 kg per year, and far below developed markets such as the US with yields of around 9,000 kg per year (FAO, 2008). Using the data that is available, and bearing in mind that all numbers used are only estimates,

the following patterns emerge: During the 1980's the production of milk has more than doubled, growing at 11% CAGR. With the liberalization of the sector, the production went into stagnation. Starting in 2000, the production has returned to growth, growing at an average of 8% CAGR; The production shows wide fluctuations year-by-year. Due to low usage of commercial feeds and high reliability on available grass, the production is highly dependent on weather and According to the production, cattle size and yield data it results that most of the growth in production over the last seven years has been driven by increase in yields.

The dairy sector was greatly impacted by the post-election violence. According to a survey done by Land O'Lakes, 36% of Rift Valley and 31% of South Valley population was displaced, about 10% of cows were lost or stolen, and milk collection and distribution was severely disrupted. Milk processors and cooling plants were unable to collect milk, a number of informal traders and milk bars were displaced or destroyed, and access to feeds and other inputs was severely disrupted. Total loss to dairy industry, including loss to consumers, is estimated at 7.1 billion Ksh. According to interviews conducted in Rift Valley in late July (2008), the production and collection has returned to normal (KDB, 2008).

1.1.2 Kenya Dairy Sector Consumption

It is often cited that only 55% of milk produced is marketed. 80% of marketed milk is channeled through informal channels, and about 20% is formally processed (USAID KDSCP, 2009). Prior to 1992 there was a high degree of government involvement in the dairy sector, with KCC being the only allowed milk processor in the country. With the liberalization in 1992 and collapse of KCC in 1997, the formal sector nearly disappeared (Baltenweck et al, 1998). Since then, with the consolidation of the industry, the revival of KCC in 2002, increased marketing and innovation in packaging which brought down the price point, the industry has recovered, regaining the market share vis-à-vis the informal market. The general economic growth over the last few years has also benefited the formal dairy sector, with more people being able to afford processed milk. The processed milk now stands at 20% of marketed milk (KDB, 2009). Although still small in absolute value, the

formal dairy industry grew at 32% CAGR (2003-2007) over the last four years, the fastest growing agricultural sub-sector over that time period.

The demand in both informal and formal market channels is unsophisticated. Milk is consumed either raw or as its processed equivalent of fresh milk. In the informal market only about 16% of milk undergoes home or artisanal processing and is sold as homemade sour milk (mala or lala) or yogurt (Kiio, 2003). Very similar dynamics prevail in formal market. 85% of processed produce is sold as fresh milk either as short life pasteurized milk or long life UHT milk. Yogurt makes another 3%, fermented milk 7% and powder milk 3%, with value-added products such as cheese and butter making less than 2% of produce sold (KDB Industry survey, 2008).

Most of the unprocessed and home processed milk is sold either through mobile traders or small retail outlets. The produce is often not properly packaged, but sold using re-usable containers or customers' own containers (Kwayera, 2003). In most urban areas, milk bars are licensed by KDB and the local government which subject them to occasional public health and sanitation checks. This is not the case with milk bars in rural areas. The competition in dairy processing is strong. There are currently 34 registered processors. However, more than 80% of market is controlled by three large companies that compete fiercely. According to the figures from December 2007, new KCC held 39%, Brookside 31% and SpinKnit 13% (closely followed by Githunguri with 9%) market share (Land O Lakes, 2008) The industry wide utilization is low at 40%. The utilization by top three processors is also low. KCC and SpinKnit use only about 30%-40% of their capacity, with Brookside being more efficient at 60-70% capacity utilization. Increased competition has led to the introduction of new packaging with the aim to bring the price point lower, and make processed milk more competitive vis-à-vis raw milk. Fresha brand from the Githunguri Dairies was the first to introduce 250ml and 500ml pouch packaging at 25% lower price point. All major brands have followed suit.

The milk industry has a processing capacity of 3.0 million litres per day. The New Kenya Cooperative Creameries (KCC) is estimated to have a processing capacity of 1.2 million

litres of milk per day and the other processors combined have a processing capacity of about 1.3 million litres of milk per day (KDB, 2009).

1.1.3 Githunguri Dairy Farmers Cooperative Society Limited (GDFCSL)

Githunguri Dairy Farmers Cooperative Society Limited was started way back in August 1961 as Githunguri Dairy Farmers Co-operative Society with only 31 members. It was registered under the co-operative society's ordinance of 1945 and co-operative rules of 1946. It is a corporate body hence a legal person able to own properties, enter into contractual agreements sue and be sued. The society was collecting milk from only one centre, which is Githunguri, in the morning and in the afternoon so that it could reach the market in time, their only market by then being Githunguri market and Ruiru town.

In 1964, the then minister for Agriculture, Mr. Bruce Mackenzie opened Kambaa centre (route 2). This influenced more farmers to join and the society to open more centres as well. In 1968, UNICEF provided the society with milk coolers to enable them collect milk in the evening and store it till the next morning. The equipments were paid for through giving skimmed milk to nearby nursery school children. By 1965, they had managed to sell to KCC, 4,275 litres of milk per day.

In 1975, the Kiambu Dairy and Pyrethrum Farmers Union of which the society is an affiliate opened a banking section in Githunguri town. All members' accounts were transferred to this bank to facilitate payments and assist members obtain cheap financing. They started CPCS (Crop Produce Credit Scheme) loans and societies were allocated funds to grant to their farmers for the improvement of their dairy farming. Milk intake increased tremendously as more farmers joined the society. In September 1999, Githunguri Dairy Farmers Co-operative society Limited management board was taken over by a new board of directors comprising of professionals and lay leaders. These leaders have led to proper management of the society and applying different strategies have steered the society business to growth. In 2004 the Society commissioned its own milk processing plant to embark on serious processing and marketing of its own milk products under the flag ship of Fresha Dairy Products. Since then the milk intake and sales volumes has grown from 9125MT to 60,409MT in 2009.

1.2 Statement of the Problem

In many countries in sub-Saharan Africa, including Kenya, there has been increasing desire to institute policy and institutional reforms to raise sectoral productivity and income growth. These concerns include the need to encourage private sector participation in providing farm inputs, financial and marketing services, and technical support (Nyariki and Thirtle, 2000). The reforms in the dairy sector in Kenya, for example, were aimed at meeting the dairy production requirements through the use of improved technologies, increased input use and creation of an enabling economic and institutional environment, with favourable dairy development policies. In addition, the reforms were expected to improve the availability of and access to inputs and products in the dairy sector. They were also meant to allow the forces of supply and demand to guide the production, distribution and marketing of various goods and services and therefore promote efficiency and economic growth (World Bank, 1998). Overall, these reforms have aimed at improving the macroeconomic environment, the incentives structure and the regulatory framework within which economic activity takes place (Kimuyu and Moyi, 1998). Some of the reforms made in the livestock sector that continue to influence the dairy sector include the liberalization and decontrol of animal feeds (1989), liberalization of milk prices and marketing (1992), and privatization of veterinary clinical, and tick control and artificial insemination (AI) services (1991) (ROK, 1997a,b).

Kenya's dairy industry has been recognized to be the most impressive in the developing world. It is estimated that the Country contains 70% of the dairy cattle in Eastern and Southern Africa. Kenyan milk consumption is also among the highest in the world. On average, each Kenyan drinks four times the average (25Kg/yr) for sub-Saharan Africa. . The importance of milk production, marketing, and processing to the wealth and health of the Kenyan population cannot therefore be overstated. Although the growth of Kenya's dairy sector has been heralded as a great success story, further gains in its performance continue to be constrained by a wide range of problems. The internal production, processing and marketing constraints have also played a major role in diminishing the performance of the dairy sector.

The results indicate that milk and milk product distribution have reduced or remained low, on average. Food security with respect to milk has reduced from a position of sufficiency to that of insufficiency. Dairy capital stock in the form of processing plants has increased but is underutilized because of reduced milk deliveries as a result of an upsurge of small traders that offer alternative distribution to consumers. The negative impacts of liberalization policies are mainly attributed to the unsynchronized manner in which they were introduced (Nyariki et al, 2009).

It is against this background that the distribution of dairy products should be studied to inform decision makers on high level performance on milk distribution for the sustainability of the sector amid turbulent environment. No known study have been done on the factors that affect the distribution of dairy products in Kenya. The research study intended to bridge this gap in knowledge by answering the following, what are the factors affecting the distribution of dairy products in Kenya to uphold continued performance on milk production?

1.3 Objective of the Study

1.3.1 General Objective

The general objective of this study was to establish the factors that affect the distribution of dairy products in Kenya.

1.3.2 Specific objectives

- i. To determine how market availability affects the distribution of dairy product.
- ii. To establish the effect of natures of the product on the distribution of dairy product.
- iii. To investigate how packing of milk affect the distribution of dairy product.
- iv. To assess how infrastructure affects the distribution of dairy product.

1.4 Research Questions

- i. How does market availability affects the distribution of dairy product?

- ii. What are the effects of natures of the product on the distribution of dairy product?
- iii. How does the packing of milk affect the distribution of dairy product?
- iv. To what extent does infrastructure affects the distribution of dairy product?

1.5 Importance of the Study

To the management of GDFCSL, the findings of this study will provide valuable insight to the various factors that affects the distribution of products of Githunguri Dairies and how to improve the performance.

To the Government of Kenya, the study will be valuable in that it will provide the general information on the state of the dairy sector in Kenya, its performance and recommendations for improvement. As policy makers, the government will find this study important in formulating policies in the dairy sector.

To potential investors, the findings of this study will provide valuable insight to all those interested in entering and investing in the dairy industry. Potential investors will further use the findings as a base to start their own analysis of the dairy industry in general. The research findings will be a treasure for the competitors in the dairy industry.

To academicians and researchers, the study will be a source of reference material for future researchers on other related topics; it will also help other academicians who undertake the same topic in their studies. The study will also highlight other important relationships that require further research.

1.6 Scope of the study

This was concerned with establishing the the factors that affect the distribution of dairy products in Kenya. The study targeted 41employees of Githunguri Dairy farmers Cooperative society at their headquarters office and their distributors within Nairobi, this *was done using descriptive survey design to investigate and analyzed and discover factors* that affect the distribution of dairy products in Kenya.

1.7 Limitations of the Study

The available resources for the study in terms of time and money are also limiting. A comprehensive study would need more time and resources to complete. This study concentrated on current developments in the dairy industry. The changes and response that have taken place in the last five years (2003-2008) will be of utmost importance.

1.7.1 Limitations

The study primarily focuses on the dairy industry in order to determine the effect of quality management systems on the dairy industry. The study is limited to the dairy industry and does not cover other related factors such as distribution of products in particular it will cover the financial aspect of the dairy industry. The limitations of the study are as follows:

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CHAPTER TWO:

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the existing literature, information and publication on the topic related to the research problem by accredited scholars and researchers. This section shall examine what various scholars and authors have said about factors affecting distribution of dairy products, in particular it will cover the theoretical review of literature, empirical review of the literature and conceptualization of the research problem.

2.2 Theoretical Review

Two complementary theoretical orientations are used to investigate the effect of regulatory burdens, including its costs, on competitiveness of individual firms. We use: The total quality management framework (TQM) and the transaction cost framework (TCE). Total quality management is a practical approach to enhance product as well as process quality aspects, strategic attitude (top-management involvement) and organizational behaviour through empowerment of employees. Consumer needs, not technological governance, is the starting-point of all quality processes (Spencer, 1994; Hackman and Wageman, 1995). The basic idea is that quality (legislation) has a price which could be excessive compared to the advantages, so that the net-effect is negative. Prevention costs increase with higher levels of quality assurance (within this outline: of regulatory stringency), while at the same time failure costs are reduced (costs of non-compliance, such as is the case with food-borne diseases etc.). While the European system fosters prevention (risk avoidance), the US-system of litigation fosters compensation of failure. The question is what, at the firm level, is the 'ideal' combination is of both policies. To solve this problem, prevention costs have to be weighed against failure costs.

Transaction cost theory provides a new perspective on the structuring of economic organisation (David and Han, 2004; Geyskens et al., 2006; Poppo & Zenger, 2002). While former theorizing conceptualized a firm as a production function, transaction cost economics

regards a firm as a governance mechanism (Rindfleisch and Heide, 1997; Williamson, 1998). Likewise, economic organisation can be governed in a hierarchical way (like a –vertically integrated – firm by means of government intervention) or leave the economic exchange and its characteristics to the market. Hierarchies (integration) cause bureaucratic costs. However, dimensions of governance like the necessity of asset specific investments (translated to the study at hand: investments in for instance quality assurance systems induced by buyers to enhance food safety, combined with lack of or asymmetrically distributed information, or (market) uncertainty can lead to opportunistic behaviour and shirking, so that a hierarchy is preferred (in our research: governmental intervention is necessary).

While the European dairy industry in general is innovative, the spread in innovativeness is very wide, ranging from companies that for instance pack milk and try to optimize processes, and companies that modify the basic characteristics of inputs and/or output (for instance dairy products to which health claims will be attached). Administrative requirements will hamper the acquisition of capabilities to innovate because of resource scarcity at the firm level (compare: Avermaete et al., 2004; Batterink et al., 2006; Romijn and Albaladejo, 2002; Loader and Hobbs, 1999). The perception of a set of rules being ‘burdensome’, is dependent on the firm-specific aims and strategies that are deployed. Firm strategies can be classified from ‘defender’ to ‘prospector’ (Miles et al., 1978). A defender company will, in general, tend towards a cost-oriented strategy. Prospector companies aggressively seek for new market opportunities and develop new products and/or markets to outperform competitors. Since the EU food industry is control-oriented, efficiency-seeking defender companies are probably better off with legal strictness than prospector companies.

Prospector companies are well equipped for product change with available R&D-departments and information and communication resources. Their innovativeness and dynamic business renewal can be affected along two legal routes: formal and content. Searching for causes for excessive administrative burdens should therefore include an investigation of the formal aspects connected to law change: its predictability, consistency, proportionality and the level of perceived behavioral control of changes in production and/or product characteristics

Food safety systems can improve transparency and consumer's trust, but in many cases companies are obliged to install or expand information systems on legal grounds (for instance to adjust for food labelling requirements (Caswell and Padberg, 1992; Przyrembel, 2004). Administrative burdens are among others induced by compulsory quality systems (like HACCP). Especially SMEs will possibly be more than proportionally affected in their profitability, while at the same time they cannot easily harvest the "quality premium". Executing food safety requirements causes operational costs, while also prevention costs will accelerate administrative requirements. Prevention costs are costs which are made to avoid a conformity with legal requirements. Companies can be confronted with higher administrative loads, but could take this for granted for different reasons, like improved competitive power and/or a better food and drink safety/quality. To get insight in the dynamic process of absorption of legal requirements we will have to investigate what the perceived advantages and/or disadvantages are for dairy companies of such obligations.

Information and communication capabilities play a role in two different settings: Communicating upward and downward the supply chain; Communicating with and understanding of the dynamics of the institutional environment. Companies vertically communicate with market parties by means of product labels. Whereas product labels create transparency on (among others) the characteristics of the supply chain, private labels play a special function in this respect. Private labels are "all merchandise sold under a retailer's brand. That brand can be the retailer's own name or a name created exclusively by that retailer" (Private Label manufacturers' Association definition in: Bergès-Sennou et al., 2008). They can create homogeneity with respect to a multitude of suppliers on the one hand, but on the other hand the craftsmanship of intermediate companies is hidden. This is the more disadvantageous for the intermediary company the more innovative it is, since innovation has a price which can only be earned back by means of a premium on the selling price. With the private label holder controlling the distribution channel, it is a matter of negotiation whether such a premium is harvested. Private label holders will take a strong position because of the scale at which they buy. Moreover, if an intermediary producer also serves the consumer market directly (which could take place in competition with the private label it supplies), he experiences price erosion and sales decline. We expect that companies with well-developed information and communication capabilities will be more open towards

the business and institutional environment, and will be able to understand and predict legal requirements with more ease. Since the development of such capabilities costs scarce resources, big companies will most likely be better able to do so.

There are a number of firm characteristics that influence the effect of the legal framework on competitiveness. An important control variable is the size of companies. SMEs might be confronted with disproportionately larger compliance costs, because economies of scale are lacking (Loader and Hobbs, 1999). Companies are, to a smaller or larger extent, entangled in a web of relationships, forcing them to adopt the norms and practices in the business network. But they also can be change oriented and put their own goals and standards first, relying on unique resources to adjust their environment inside-out (Porter and Kramer, 2006). In practice, both tendencies can occur at the same time and in the same organization.

Specific requirements with respect to dairy product (like absence of dioxin in raw milk) will have an impact on the production and procurement processes of raw material. Also, differences between countries will affect the competitive position of European dairy industry. Last but not least, generic trends and tendencies in the business environment (which can be categorized by means of Porter's diamond) will affect the individual firms. Differences between countries or regional differences on a global basis will have to be considered.

2.3 Empirical Literature

2.3.1 Market Availability

Marketing systems are dynamic; they are competitive and involve continuous change and improvement. Businesses that have lower costs, are more efficient, and can deliver quality products, are those that prosper (Cecilia, 2009). A market consists of people with needs, who have money to spend and who are willing to spend that money (Kotler & Fox, 1995). Not every consumer with needs, money to spend and the willingness to spend this money, however, contributes in the same manner towards the market for milk. It is therefore necessary to segment or divide the market into smaller sections of consumers based on more or less homogeneous needs and characteristics.

Informal milk outlets are shown to absorb most of the milk from smallholder farmers accounting for over 80% of the total milk sold (Staal, 2006). Brokers, traders/hawkers, transporters, co-operatives and farmer groups are identified as the most important participants at the rural markets. The farm gate milk prices in informal markets are 22% higher than in the formal marketing channel. Cooperatives remain the main channel for collecting milk destined to the formal market (USAID, 2009). Analyses of marketing margins indicate that players in informal market have lower marketing margins as compared to the formal channel. As such, the informal channel out-competes the formal channel by charging prices that are 48% lower per litre of milk. Furthermore the players in informal markets have devised various methods of assessing milk quality and for screening suppliers (Ogodo, 2004).

The throughput of processed milk has continued to decline to the extent that by 2001, only 152 million litres was processed (Ojowi, 2001). This represents a decline of over 58% as compared to the amount processed in 1993. Equally, only 22% of the installed milk processing capacity is currently being utilized. Furthermore as more firms exit from the market, the milk processing industry is becoming more concentrated with the largest four firms having a market share of 80% in 2001 (SDP, 2004). Despite these structural changes, the real consumer prices have continued to increase while producer prices and their share of consumer prices have declined. The cost of packaging material remains one of the major concerns.

Lamb, Hair and McDaniel (2000), suggest a number of variables which can be applied in segmenting the market. These include geographic segmentation, demographic segmentation, psychographic segmentation, benefit segmentation and usage rate segmentation. Geographic segmentation refers to the segmentation of markets by region, country or market size. Consumer goods companies, like the dairy companies, may take a regional approach to marketing for many reasons, such as using a different advert in each region to accommodate the different cultural preferences. Many packaged goods companies have also taken this approach and have introduced regional brands which appeal to local preferences (Lamb et al, 2000).

Demographic segmentation may be used by marketers because it is often related to consumers buying and consuming behaviour (Lamb et al, 2000). Companies selling to consumer or business markets realize that they cannot interest all buyers in that market. Each company may differ greatly in its ability to serve different segments in the market. Instead of trying to target the entire market, a company may identify a part of the market it can best serve (Kotler & Armstrong, 1996). In targeting that market, the dairy company could identify the market segment, select one or more then develop the product and marketing mix.

Today's companies are generally moving away from mass marketing and product variety marketing and toward target marketing. This helps an organization to focus on a target audience (a rifle approach), instead of scattering their market efforts on a large heterogeneous market (a shot-gun approach). Today, target marketing is taking the form of micromarketing. This is customized marketing in which a product and marketing plan is adapted to the needs of specific customers (Kotler & Armstrong, 1996).

After evaluating different segments, the dairy company now needs to decide which and how many segments to serve. They may adopt one of three market-coverage strategies: undifferentiated marketing coverage, differentiated marketing coverage or concentrated marketing coverage (Kotler & Armstrong, 1996). In undifferentiated market coverage, using an appropriate marketing mix to reach the whole market may ignore various segments. This focuses on the common needs of the consumer, rather than on what is different (Kotler & Armstrong, 1996).

Differentiated market coverage is used when a dairy company concentrates on various market segments, using a different marketing mix for each segment (Kotler & Armstrong, 1996). For example, a dairy company could produce tempting flavours and colours and use different packaging and a fashionable name to attract children. Marketers who need to concentrate on a specific market (Kotler & Armstrong, 1996), use concentrated market coverage when advertising. A dairy company may want to target a specific group. Examples would be the advertising of their low fat milk to the health conscious and the targeting of their favoured milk at children.

2.3.2 Nature of the product

A product is defined as having need-satisfying benefits which a company offers consumers so that they become aware of them, purchase them and then consume them (Lucas, 1983). Stanton and Futrell (1987) define a product as a tangible and intangible attribute that provides want satisfying benefits to a buyer in an exchange. According to Lucas's definition of a product, the company should make the consumer aware of the benefits the product offers. The latter appears to be a problem in the milk industry resulting in a decrease in milk consumption levels. This is because consumers do not know the benefits of milk.

Milk is classified as a consumer good rather than business good. It can further be defined as a convenience good in that the customer is supposed to have complete knowledge of the product before purchasing it, and because it is also purchased with minimum effort (Stanton & Futrell, 1987). It is important that milk, as a convenience good, be readily available when and where the consumer needs to purchase it. One way of improving the product, milk, is to guarantee consistent quality. Providing that distributors adhere to the cold chain storage methods, no consumer should ever purchase sour milk. Stanton and Futrell's (1987) alternatives suggest that the marketing and production programmes should be made as efficient as possible. Aggressive promotion should help retain the consumption of 'heavy' milk consumers, in the maturity stage. Lamb et al (1994:285) also suggest that demand needs to be stimulated at a target group together with aggressive brand advertising.

2.3.3 Packaging

The most important functions of packaging are to contain the liquid, promote milk and provide storage (Lamb et al, 2000). Another function which is becoming increasingly important today, is the recyclability of the package used. Companies are becoming more 'environment friendly' by using a recyclable package, which should result in less waste. Packaging allows dairy companies to market milk in specific quantities. Physical protection is another obvious function of packaging. Most products are handled several times before they are purchased or consumed. Packaging therefore protects the product from

breakage, leakage or infection of the product. An example of packaging used in the dairy industry for milk is the sachet. The sachet is the cheapest form that packaged milk can be purchased in. The sachet packaging, however, is fragile and results in leaking milk. The damaged packaging causes a mess in retail stores and the product remains the dairy company's responsibility until the product is sold.

Some dairy companies are therefore moving away from this packaging and encouraging consumers to purchase bottled milk instead. Dairy companies are enforcing this strategy by bringing the price of sachets in line with the slightly more expensive bottled milk, thereby making the consumer choose the more convenient (same priced) bottle over the sachet. Wholesalers and retailers prefer packages that are easy to ship, store and to pack. Consumers, however, look for items that are easy to handle, open and close (Lamb et al, 1994). Packaging differentiates a product from competing products and is also important in establishing a brand's image (Lamb et al, 1994). Lucas (1983) suggests that a brand should be clearly recognizable and the package should have a visual impact.

2.3.4 Infrastructure

Efficient marketing infrastructure such as wholesale, retail and assembly markets and storage facilities is essential for cost-effective marketing, to minimise post-harvest losses and to reduce health risks. Markets play an important role in rural development, income generation, food security, developing rural-market linkages and gender issues (Andrew, 2007). Planners need to be aware of how to design markets that meet a community's social and economic needs and how to choose a suitable site for a new market. In many cases sites are chosen that are inappropriate and result in under-use or even no use of the infrastructure constructed. It is also not sufficient just to build a market: attention needs to be paid to how that market will be managed, operated and maintained. In most cases, where market improvements were only aimed at infrastructure upgrading and did not guarantee maintenance and management, most failed within a few years.

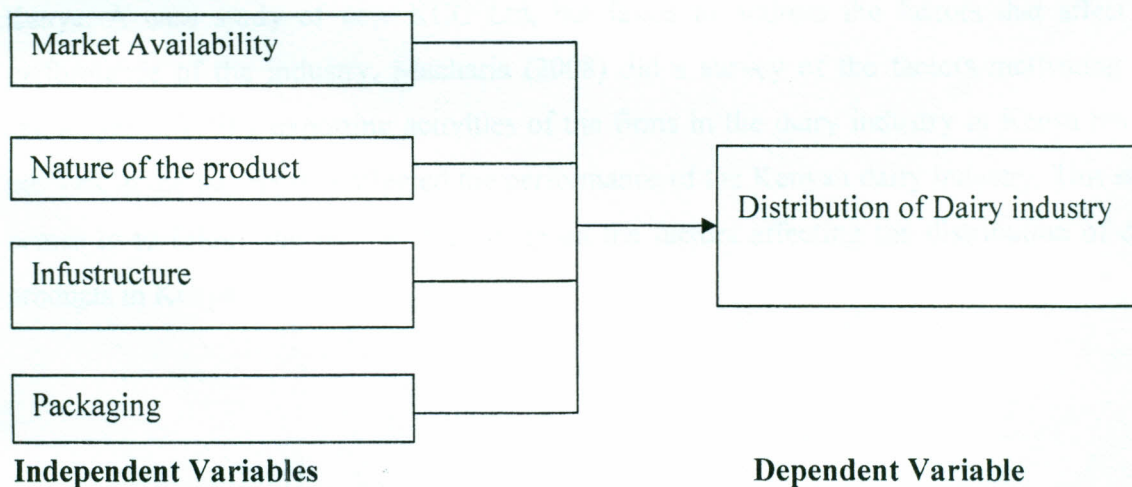
Rural assembly markets are located in production areas and primarily serve as places where farmers can meet with traders to sell their products. Terminal wholesale markets are located in major metropolitan areas, where produce is finally channeled to consumers through trade

between wholesalers and retailers, caterers, etc (Cecilia, 2009). The characteristics of wholesale markets have changed considerably as retailing changes in response to urban growth, the increasing role of supermarkets and increased consumer spending capacity. These changes require responses in the way in which traditional wholesale markets are organized and managed.

Retail marketing systems in western countries have broadly evolved from traditional street markets through to the modern hypermarket or out-of-town shopping centre (John, 2003). In developing countries, there remains considerable scope to improve agricultural marketing by constructing new retail markets, despite the growth of supermarkets, although municipalities often view markets as sources of revenue rather than infrastructure requiring development. Effective regulation of markets is essential. Inside the market, both hygiene rules and revenue collection activities have to be enforced. Of equal importance, however, is the maintenance of order outside the market.

2.4 Conceptual Framework

Figure 2.1: Conceptual Framework



Source: Research, 2012

A conceptual framework can be defined as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Reidenbach and Moak, 1986). A conceptual framework is a research tool intended to assist a researcher to

develop awareness and understanding of the situation under scrutiny and to communicate this. A conceptual framework is used in research to outline possible courses of action or to present a preferred approach to an idea or thought. According to Britton and McGonegal (2007) a conceptual Framework is a basic structure that consists of certain abstract blocks which represent the observational, the experiential and the analytical/ synthetically aspects of a process or system being conceived. The interconnection of these blocks completes the framework for certain expected outcomes. A variable is a measurable characteristic that assumes different values among subjects.

2.5 Research Gap

Little has been done on the factors affecting distribution of dairy product in Kenya. For instance, Bett (1995) carried out a reseach on the market of dairy products in Kenya and the way forward to achieve success in the dairy industry but did not look at the factors affecting the performance of dairy industry. Kioi (2001) did a study to explore how players in the dairy industry involved in milk processing conducted their businesses but did not look at the performance challenges involved. Cheluget (2003) did a study of responses of milk processing firms to increased turbulence in the macro environment of the dairy industry in Kenya: A case study of new KCC Ltd, but failed to address the factors that affect the performance of the industry. Macharia (2008) did a survey of the factors motivating and challenges affecting exporting activities of the firms in the dairy industry in Kenya but did not look at the factors that affected the performance of the Kenyan dairy industry. This study comes in to bridge the gap in knowledge on the factors affecting the distribution of dairy products in Kenya.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methods that was used in collection of data pertinent in answering the research questions. It is divided into research design, target population, sample and sampling techniques, description of research instruments, description of the data collection procedures, description of data analysis procedures and data presentation

3.2 Research Design

The research design that was used in this study will be a descriptive design. The method is quite a precise measurement and reporting of the characteristics of the phenomena under investigation, and describes, phenomena, situations and events (Miller 1991). In this regards, since this study was investigating the factors that affect the distribution of dairy products, descriptive research becomes the most appropriate. The study also integrates both qualitative and quantitative methods.

3.3 Target Population

The target population of this study includes employee 41employees of Githunguri Dairy Farmers Co-operative societies from various level of management, 200 Distributors and 10 sales representatives.

3.4 Sampling Design and Procedure

From the above population a sample of 30% from within each group in proportions that each group bear to the population as a whole was taken using stratified random sampling which gave each item in the population an equal probability chance of being selected. Therefore, a total sample of 75 respondents was selected for this study.

Table 3.1: Sample population

Population	Target	Proportion	Sample
Employees	41	30%	12
Distributors	200	30%	60
Sale Representative	10	30%	3
Total	251		75

3.5 Data Collection Procedures

The study used primary data collected through questionnaires to carry out the study. The questionnaires was closed ended questions and was administered through drop and pick method to the target respondents. The questionnaire was collected immediately after they have been filled. The structured questions were used in an effort to conserve time and money as well as to facilitate in easier analysis as they are in immediate usable form.

3.6 Data Analysis and Presentation

The coded data was analyzed using statistical measures such as percentages, mean scores and standard deviations. The results presented using frequency tables, charts and graphs. The analysis involved observation and detailed description of phenomena that comprise the object of study. The researcher used data with an aim of presenting the research findings in respect to the factors affecting the distribution of product of Githunguri D.F.C.S.

CHAPTER FOUR:

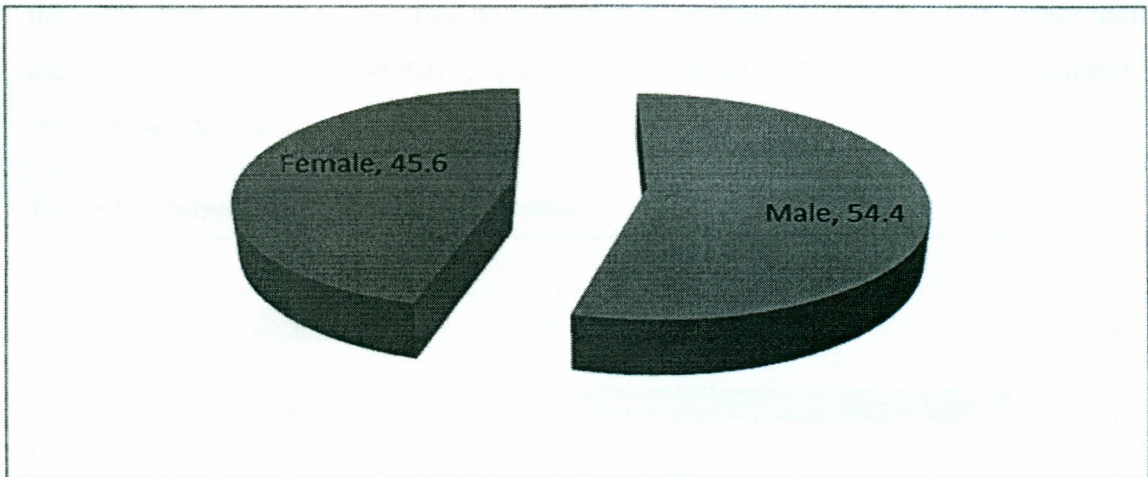
DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents analysis and findings of to establish the factors that affect the distribution of dairy products in Kenya. From the study population target of 75 respondents, 68 respondents filled and returned their questionnaires, constituting 90.7% response rate. Data analysis was done through Statistical Package for Social Scientists (SPSS). Frequencies and percentages were used to display the results which were presented in tables, charts and graphs.

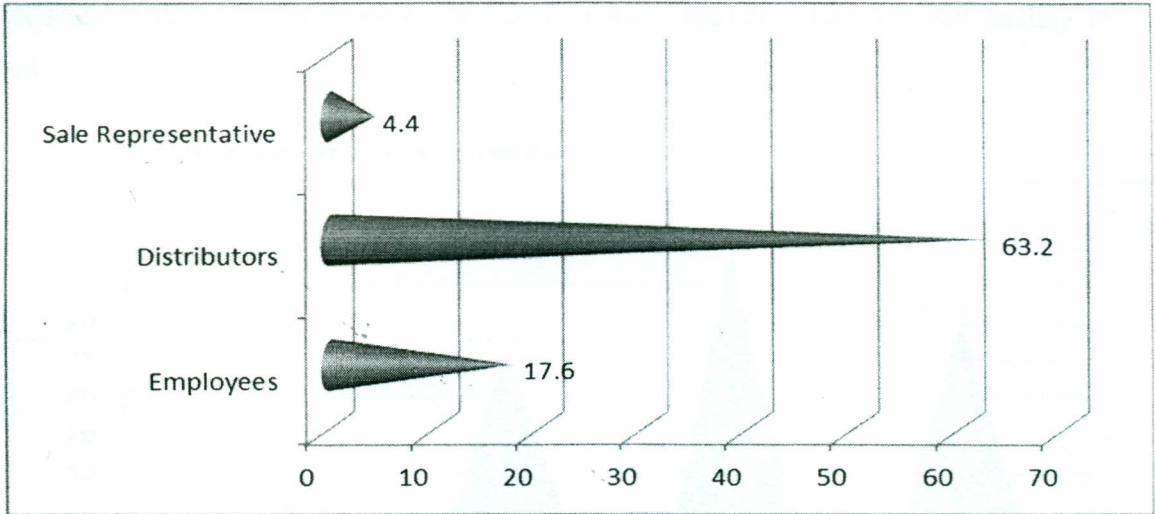
4.2 General Information

Figure 4.2: Gender of the respondent



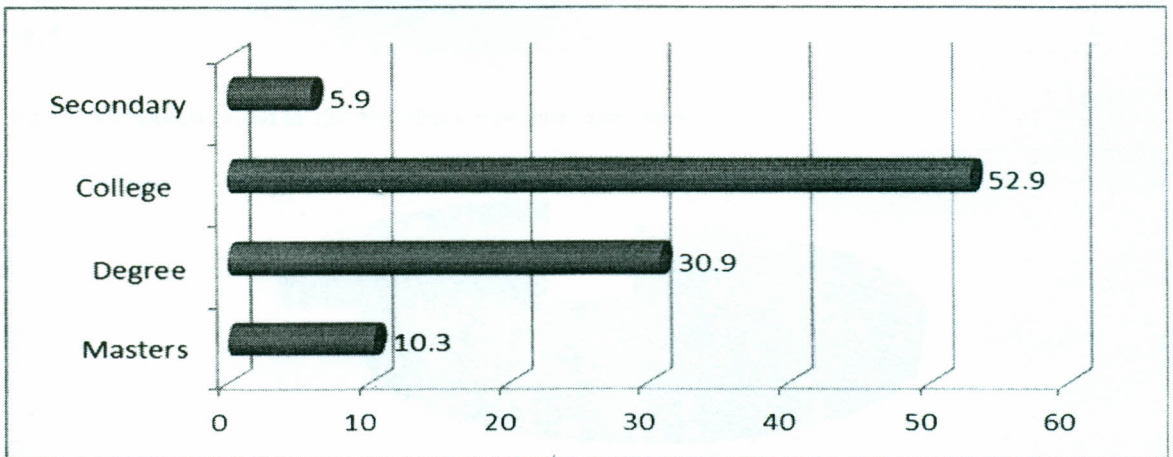
From the findings on the gender of the respondent, the study found that majority of the respondent as shown by 54.4% indicated that they were males whereas 45.6% of the respondent indicated that they were females, this is an indication that both gender were involved in the study though not in equal proportion.

Figure 4.3: Relationship with the company



From the findings on the respondent relationship with the company, the study found that majority of the respondent as shown by 63.2% indicated that they were distributors, 17.6% of the respondent indicated that they were employee whereas 4.4% of the respondent indicated that they were sales representative, this is an indication that all the target respondent were involved in the study.

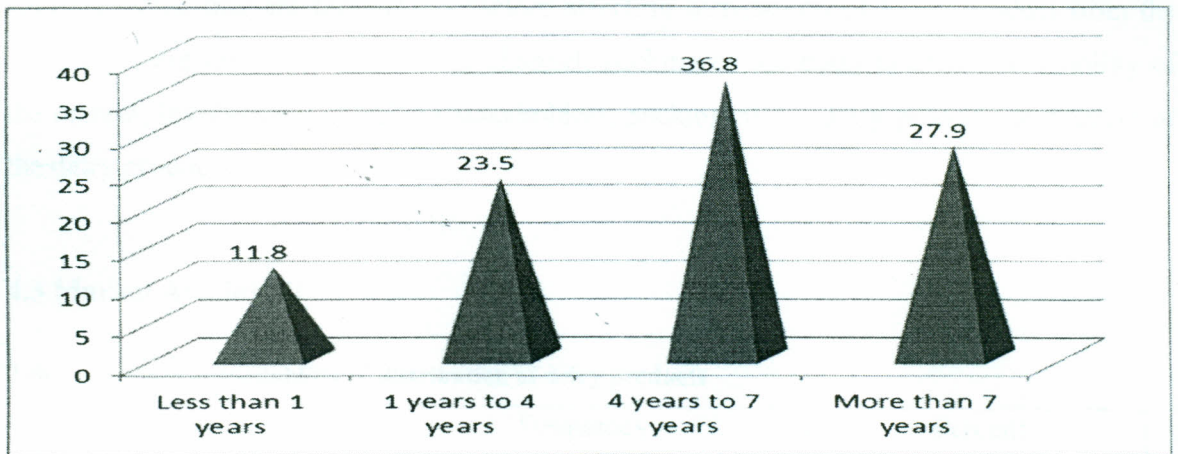
Figure 4.4: Respondent highest level of education



On the respondent highest level of education, the study revealed that 52.9% of the respondent indicated that they were college graduate, 30.9% of the respondent indicated that they had attained degree, 10.3% of the respondent indicated that they had attained masters level of

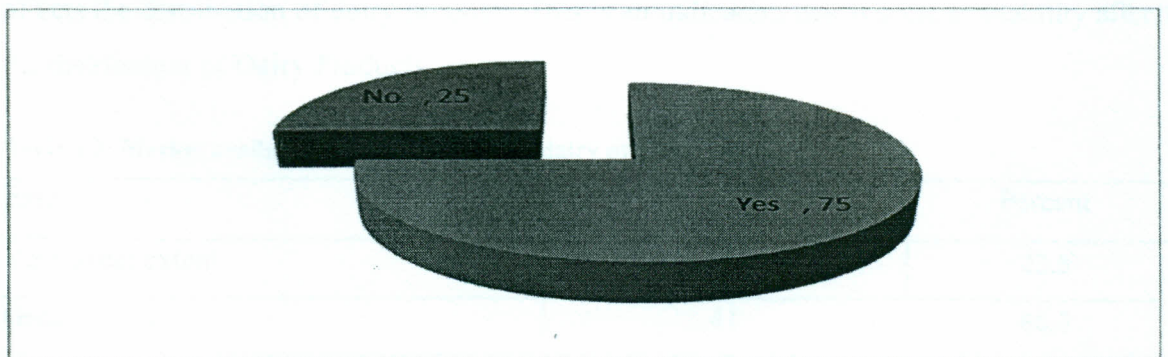
education whereas 5.9% of the respondent indicated that they had attained secondary level of education, this is an indication that most of the respondent had attained tertiary level of education.

Figure 4.5: Length of time working with company



From the findings on the length of time the respondent had worked with the company, the study found that 36.8% of the respondent indicated 4 to 7 years, 23.5% of the respondent indicated 1 to 4 years, 27.9% of the respondent indicated more than 7 years whereas 11.8% of the respondent indicated less than 1 years, this is an indication that most of the respondent had worked with the company enough to understand and give credible information to the study.

Figure 4.6: Involvement in the distribution of dairy products



On whether the respondent were involved in the distribution of dairy product in the organization, the study found that majority of the respondents as shown by 75% indicated

that they were involved in the distribution of dairy products whereas 25% of the respondents indicated that they were not involved in the distribution of dairy products . this is an indication that most of the respondent were involved in the distribution of dairy of product which shows that they were in a position to give credible information to the study . The study revealed that are the various factors affecting distribution of Dairy product from the company were logistics, distribution channel, packing of the dairy products, availability of the market, involvement of all the stakeholders, packing of the dairy products and nature of the dairy products.

4.3 Market Availability

Table 4.2: Market availability of distribution of dairy products

Opinion	Frequency	Percent
Yes	56	82.4
No	12	17.6
Total	68	100

On whether the market availability affect the distribution of Dairy Products, the study found that 82.4% of the respondent indicated that market availability affects the distributions of dairy products , whereas 17.6% of the respondent indicated that market availability doesn't affects the distribution of dairy product . This is an indication that market availability affects the distribution of Dairy Products.

Table 4.3: Market availability of distribution of dairy products

Extent	Frequency	Percent
Very great extent	16	23.5
Great extent	41	60.3
Moderate extent	11	16.2
Total	68	100

From the findings on the extent to which market availability affects the distribution of Dairy product, the study revealed that 60.3% of the respondent rated to great extent whereas 23.5% of the respondent rated to very great extent whereas 16.2% of the respondent indicated to moderate extent, this is an indication that market availability affects the distribution of Dairy product to great extent. The study further revealed that marketing availability affect the distribution of dairy products from the company by lack of market reduce the distribution of dairy product , strong market enhance the distribution of dairy product and market availability encourage distribution of dairy products .

Table 4.4: Marketing strategies that enhance the distribution

Opinion	Frequency	Percent
Yes	48	70.6
No	20	29.4
Total	68	100

On whether the company employ marketing strategies to enhance the distribution of its products, the study found that 70.6% of the respondent indicated that marketing strategies to enhance the distribution of its products whereas 29.4% of the respondent were of the opinion that marketing strategies does not enhance the distribution of its products, this is an indication that marketing strategies enhance the distribution of its products. The study revealed that the various marketing strategies employed by the company to enhance the distribution of its products were relationship marketing, advertising, promotion, production strategies, product marketing strategies, selling, pricing strategies, societal marketing and distribution strategies.

4.4 Natures of the Product

Table 4.5: Product affecting the distribution of its product

Opinion	Frequency	Percent
Yes	53	77.9
No	15	22.1
Total	68	100

From the on whether the nature of the product produced by the company affects the distribution of its product, the study revealed that 77.9% indicated that nature of the product produced by the company affects the distribution of its product whereas 22.1% of the respondent indicated no, this is an indication that nature of the product produced by the company affects the distribution of its product.

Table 4.6: Extent to which product affect the distribution of its product

Extent	Frequency	Percent
Very great extent	16	23.5
Great extent	37	54.4
Moderate extent	15	22.1
Total	68	100

From the findings on the extent to which the nature of the product affects the distribution of the products, the study found that 54.4% of the respondent indicated to great extent, 23.5% of the respondent indicated to very great extent whereas 22.1% of the respondent indicated to moderate extent, this is an indication that the nature of the product affects the distribution of the products to great extent.

The study revealed that the nature of the product affect the distribution of dairy product, the liquid nature of the product affects their distribution , the delicate nature of milk affects their distribution , dairy product are involving the distribution and the nature of the dairy products

strongly affects their distribution. The study revealed that the various product distributed by the company were; fresh milk, yoghurt, maziwa lala, cheese and milk powder.

4.5 Packing of the Product

Table 4.7: Packaging of dairy product affecting distribution

Opinion	Frequency	Percent
Yes	47	69.1
No	21	30.9
Total	68	100

From the finding on whether packing of dairy products affect their distribution, the study revealed that 69.1% of the respondent indicated that packing of dairy products affect their distribution whereas 30.9% of the respondent were of the opinion that packing of dairy products doesn't affect their distribution, this is an indication that packing of dairy products affect their distribution. The study further revealed that the nature of the products their distribution as milk is in liquid form which affects it packaging and in turn affecting its distribution.

Table 4.8: Extent to which packaging of dairy product affecting distribution

Extent	Frequency	Percent
Very great extent	21	30.9
Great extent	34	50.0
Moderate extent	13	19.1
Total	68	100

From the findings on the extent to which packaging affects the distribution of Dairy products, the study found that 50% of the respondent indicated to great extent, 30.9% of the respondent indicated to very great extent whereas 19.1% of the respondent indicated to moderate extent, this is an indication that packaging affects the distribution of dairy products to great extent. The study established that the various methods of packing adopted by the company to

enhance the distribution of the dairy were plastic contained, ultra heat packing and plastic papers.

4.6 Infrastructure

Table 4.9: Effects of infrastructure on distribution of dairy products

Opinion	Frequency	Percent
Yes	56	82.4
No	12	17.6
Total	68	100

On whether infrastructure affect the distribution of dairy products, the study revealed that 82.4% of the respondent indicated that infrastructure affect the distribution of dairy products whereas 17.6% of the respondent indicated no, this is an indication that infrastructure affect the distribution of dairy products.

Table 4.10: Extent to which infrastructure affect the distribution of dairy products

Extent	Frequency	Percent
Very great extent	18	26.5
Great extent	39	57.4
Moderate extent	11	16.2
Total	68	100

From the findings on the extent to which infrastructure affect the distribution of dairy products, the study found that 57.4% of the respondent indicated to great extent , 26.5% of the respondent indicated to very great extent whereas 16.2% of the respondent indicated to moderate extent , this is an indication that infrastructure affect the distribution of dairy products to great extent . The study further revealed that infrastructure affects the distribution of dairy products through various distribution channels, road network and various types of distribution methods. The study revealed that the various method of transport used by the company in the distribution of their products was mainly through road network.

CHAPTER FIVE:

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following discussions, conclusions and recommendations were made. The responses were based on the objectives of the study. The researcher had intended to determine how market availability affects the distribution of dairy product, to establish the effect of natures of the product on the distribution of dairy product, to investigate how packing of milk affect the distribution of dairy product and to assess how infrastructure affects the distribution of dairy product.

5.2 Summary of findings

On whether the market availability affects the distribution of Dairy Products, the study revealed that market availability affects the distributions of dairy products. On the extent to which market availability affects the distribution of Dairy product, the study revealed that 60.3% of the respondent rated to great extent, this is an indication that market availability affects the distribution of Dairy product to great extent. The study further revealed that marketing availability affect the distribution of dairy products from the company by lack of market reduce the distribution of dairy product , strong market enhance the distribution of dairy product and market availability encourage distribution of dairy products . On whether the company employs marketing strategies to enhance the distribution of its products, the study that marketing strategies enhance the distribution of its products. The study revealed that the various marketing strategies employed by the company to enhance the distribution of its products were relationship marketing, advertising, promotion, production strategies, product marketing strategies, selling, pricing strategies, societal marketing and distribution strategies.

From the finding on whether the nature of the product produced by the company affects the distribution of its product, the study revealed that 77.9% indicated that nature of the product produced by the company affects the distribution of its product. On the extent to which the nature of the product affects the distribution of the products, the study found that 54.4% of

the respondent indicated to great extent, an indication that the nature of the product affects the distribution of the products to great extent. The study revealed that the nature of the product affect the distribution of dairy product, the liquid nature of the product affects their distribution , the delicate nature of milk affects their distribution , dairy product are involving the distribution and the nature of the dairy products strongly affects their distribution. The study revealed that the various product distributed by the company were; fresh milk, yoghurt, maziwa lala, butter and ghee.

From the finding on whether packing of dairy products affect their distribution, the study revealed that 69.1% of the respondent indicated that the nature of the products their distribution as milk is in liquid form which affects it packaging and in turn affecting its distribution. From the findings on the extent to which packaging affects the distribution of Dairy products, the study found that 50% of the respondent indicated to great extent, this is an indication that packaging affects the distribution of dairy products to great extent. The study established that the various methods of packing adopted by the company to enhance the distribution of the dairy were plastic contained, ultra heat packing and plastic papers.

On whether infrastructure affect the distribution of dairy products, the study revealed that 82.4% of the respondent indicated that infrastructure affect the distribution of dairy products. From the findings on the extent to which infrastructure affect the distribution of dairy products, the study found that 57.4% of the respondent indicated to great extent, this is an indication that infrastructure affect the distribution of dairy products to great extent . The study further revealed that infrastructure affects the distribution of dairy products through various distribution channels, road network and various types of distribution methods. The study revealed that the various method of transport used by the company in the distribution of their products was mainly through road network.

5.3 Conclusions

The study revealed that market availability affects the distribution of dairy products, the study also found that market availability affects the distribution of dairy product to great extent, Marketing availability affect the distribution of dairy products from the company by lack of market reduce the distribution of dairy product, strong market enhance the

distribution of dairy product and market availability encourage distribution of dairy products. The study revealed that the various marketing strategies employed by the company to enhance the distribution of its products were relationship marketing, advertising, promotion, production strategies, product marketing strategies, selling, pricing strategies, societal marketing and distribution strategies.

The study established that the nature of the product produced by the company affects the distribution of its product, the study found that the nature of the product affects the distribution of the products to great extent. The study revealed that the nature of the product affect the distribution of dairy product, the liquid nature of the product affects their distribution , the delicate nature of milk affects their distribution , dairy product are involving the distribution and the nature of the dairy products strongly affects their distribution.

On the effects of packing on the distribution of dairy products , the study found that packing of dairy products affect their distribution , most of the dairy products are in liquid form which affects it packaging and in turn affecting its distribution. The study further revealed that packaging affects the distribution of dairy products to great extent.

On effects of infrastructure on the distribution of dairy products, the study revealed that infrastructure affects the distribution of dairy products. It was further established that infrastructure affect the distribution of dairy products to great extent. The study further revealed that infrastructure affects the distribution of dairy products through various distribution channels, road network and various types of distribution methods.

5.4 Recommendations

From the findings and conclusion the study recommends that there is need for the company to employ various marketing strategies as this will aid in creation of market for their product which will help in the distribution of their products.

From the finding it was revealed that packaging of dairy products affects their distribution, there is need for the company to package their products in most suitable method of packing as packaging of the product will aid in the distribution these product.

There is need for the company to use the most suitable mean of transport in the distribution of the products as it was found that infrastructure affect the distribution of dairy products to great extent.

5.5 Limitation of the Study

The method used is descriptive research design whereby the variables could not be controlled by the researcher. The study intended to use questionnaire as the instrument for collecting data. This is because time for the data collection would be limited to two weeks. The study was carried out in only one organization due to financial constraints of the researcher. The study will also be limited by finance since the researcher is the one financing this study.

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APPENDICES

Appendix I: Questionnaire

SECTION A: GENERAL INFORMATION

1. What is your gender?

Male []

Female []

2. What is your relationship with the company?

Management []

Supervisor []

Staff []

3. Please indicate your level of education

Masters []

Degree []

College []

Secondary []

Primary []

4. For how long have you been with this company?

Less than 1 years []

1 years to 4 years []

4 years to 7 years []

More than 7 years []

5. Are involved in the distribution of Dairy product of the organization?

Yes []

No []

6. In your opinion what are the various factors affecting distribution of Dairy product from the company?

.....
.....
.....

SECTION B: MARKET AVAILABILITY

7. Does the market availability affect the distribution of Dairy Products?

Yes [] No []

8. To what extent does market availability affects the distribution of Dairy product?

- Very great extent []
- Great extent []
- Moderate extent []
- Low extent []
- No extent at all []

9. How marketing availability does affect the distribution of dairy products from the company?

.....
.....
.....

10. Does the company employ marketing strategies to enhance the distribution of its products?

Yes [] No []

11. Which are the various marketing strategies employed by the company to enhance the distribution of its products?

.....
.....
.....

SECTION C: NATURES OF THE PRODUCT

12. Do nature of the product produced by the company affects the distribution of its product?

Yes [] No []

13. To what extent does nature of the product affects the distribution of the products?

Very great extent []

Great extent []

Moderate extent []

Low extent []

No extent at all []

14. How does the nature of the product affect the distribution of dairy product?

.....
.....
.....

15. Which are the various product distributed by the company?

.....
.....
.....

SECTION D: PACKING

16. Does the packing of dairy products affect their distribution?

Yes [] No []

17. How the packing of dairy products does affect their distribution?

.....
.....
.....

18. To what extent does packaging affects the distribution of Dairy products?

Very great extent []

Great extent []

Moderate extent []

- Low extent []
- No extent at all []

19. Which are the various methods of packing adopted by the company to enhance the distribution of the dairy?

.....

.....

.....

SECTION D: INFRASTRUCTURE

20. Does infrastructure affect the distribution of dairy products?

- Yes []
- No []

21. To what extent does infrastructure affect the distribution of dairy products?

- Very great extent []
- Great extent []
- Moderate extent []
- Low extent []
- No extent at all []

22. How does infrastructure affect the distribution of dairy products?

.....

.....

.....

23. Which are the various method of transport used by the company in the distribution of their products?

.....

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Thank you for your time

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