

An Empirical Assessment of Channel of Distribution for Organisational Growth in Nigeria: Special Reference to Nigeria Bottling Company

Bamisaye S. O¹, Ishola, S. A²

Department of Business Administration, Ecotes University, Cotonou, Benin Republic

Bamisaye, Samuel Olusegun

Corresponding Author: Bamisaye S. O

Abstract: Channel of distribution is an aspect of marketing that ensures that products, which actually contain features benefits needed by a consumer, delivered in the quantity and quality to meet its satisfaction. The distribution variable encompasses physical distribution (transportation, storage and materials handing activities), channels distribution (selection of the number of levels of middlemen and in these levels the individuals wholesale and retails firms to assist in the flow of product or title), which channel facilitates agents (specialist who assist manufacturers, wholesalers and retailers in the flow of title or products) The purpose of the study is evaluate solution to the problems inherent in the distribution system particularly of the Nigeria Bottling Company (NBC Plc). Also the reasons and functions of distribution channels in line with channels levels and design decision were given adequate study and descriptions. The result of the analysis revealed the main function of distribution channels is to minimized total channel cost with respect to desire levels of service output. Finally, it was observed that management should be aware that distribution via stockless platform is more complex solution for physical distribution improvement than direct delivery.

Date of Submission: 14-06-2019

Date of acceptance: 29-06-2019

I. Introduction

The Nigerian Bottling Company Plc came into existence in 1953 to bottle Coca-cola range of products. This includes Coca-Cola, Fanta Orange, Schweppes Bitter Lemon, Schweppes Tonic Water, Sprite and Eva Table Water. It sells more than 15,000,000 bottles of these products daily.

The company has its registered office at NBC House , behind Mainland Hotel, Oyingbo, Ebute –Metta, Lagos and operates from twenty one (21) bottling plants, thirty four (34) bottling lines, 250 depots throughout the federation and the country is divided into region namely Lagos, East, North and West for easy management of operation.

Nigerian Bottling Company is a public liability company with a fully-paid up share capital of over 783, 740,442 of which 41 percent is held by Molino soft drinks. A in trust for leventis Nig. Plc, while Nigerian investors have about 51 percent. Other foreign investors own about 8 percent of the paid –up share capital. It has on its board nine (9) director of which Bashorun A.A. Adesanya is the Chairman.

In addition to the above, the company has in its employment more than ten thousand (10,000) regular employees, contract workers in excess of 1,000 as well as a fleet of 3,500 vehicles including sales tructs totaling player and in the fact leader of the soft drinks industry accounting for more than 65% of the market shares.

Furthermore, this company has subsidiaries and association companies including Delta Glass Company Plc, producing soft drinks bottle and glass wares, Crown Products Limited which manufactures bottle crowns, Benin Plastic Company Limited makes plastic cases for bottles.

Moreover, the company has about 400, 000 customers (dealers) spread all over the federation. It is the largest manufacturer of carbon-dioxide (CO₂) gas used for making soft drinks.

Distributing is a stream, a flow of products and services from the producer through intermediaries to end – users consists of members in the distribution channel that gets the product from assembly line (production) to the customer (consumption). It includes selecting and managing the trade channels through which the product will reach the right market at the time and to develop a distribution system for physically handling and transporting the product through these channels. It also involves the actual movement of products from one place to another.

Nigerian Bottling Company Plc is a major player and in fact the leader (has over 67 percent market share) in the soft drink industry and there have been inherent and apparent problems with the distributing system. These problems include:

- Conflicts among the channels of distribution (Distributors, Wholesalers, Retailers)
- Conflicts such as between the wholesaler and retailers
- Conflict relates to the complaints of the Distributors and Wholesalers
- Conflict as a result of non-compliance with zonal regulations by distributors.
- Division of products by the Salesmen during peak periods/seasons
- Brand assortments are not done properly
- The preferential treatment as well as undue advantages given to some channel members over others by the staff/salesmen of Nigerian Bottling Company Plc
- Management of the Distribution Fleet

In any organisation, the channels of distribution should be treated as a total unit in order to achieve a significant competitive advantage over other firms. This is very important especially when the firm is planning for and designing distribution channels.

The purpose of this study is to proffer solution to the obvious problems inherent in the distribution system of Nigerian Bottling Company Plc. Highlighted above and in doing this, the following objectives shall be look into and justice done to them.

The study shall examine the various channels of distribution in the soft drink industry with special reference to the Nigerian Bottling Company Plc, which is the research's case study.

It will also discuss the various conflicts that arise and the channel members and the causes of these conflicts as well as their impacts on the distribution system of Nigerian Bottling Company Plc. It will ensure whether these conflicts have any influence on the channels members themselves and the various product lines manufactured by the company.

In addition to the above, this research work will find out if the customers and the customers are getting the desire satisfaction from the company products in terms of quality vis-à-vis the taste. The study will also concern itself with the relationship between product demand, pricing and present distribution system. It will reveal if the present (current) distribution system has been to meet with the demand of the customers and overall expectation of the company.

The following question will be used in the effectiveness of channel of distribution in NBC Plc. Data analyzed will proffer solution to these questions.

1. What are the various channels of distribution available?
2. How effective id the current distribution channel of NBC Plc?
3. What are the causes of the conflicts in the distribution channel?
4. What impact has these conflicts on the distribution systm of NBC Plc?
5. Are the dealer/consumers satisfied with the distribution channel?
6. How can NBC improve?

II. Literature Review

Philip Kotler (1997) defined Channels as “sets if interdependent organization involved in the process of making a product or service available for use or consumption”. Staton (1991) defined channel of distribution for product as the route taken by the title to the product as it moves from the producer to the consumer. This must be done as efficiently and as effectively as possible –no money should be wasted but the channel must be right for the company's overall marketing objectives and strategy.

Bucking (1984) sees distribution channels as “comprising of a set of institution which perform all the activities (functions) utilized to move a product and its title from production to consumption”. A trade channel therefore involves firms that play major role in negotiating purchase and sales of goods and services. For instance, a shoe manufacturer sells to a departmental store that in turn sells to a student or worker, the channel would be producer – retailer – consumer.

Making –channel decision are among the most critical decision facing management. The company chosen channels intimately affects all the other marketing decisions. The company's pricing depends on whether it uses mass merchandisers or high-quality boutiques. The firm's sale force and advertising decision depend on how much training and motivation the dealers need. In addition, the company's channel decisions involve relatively long term commitments to other firms.

The aim of a company's distribution policy in other words is to ensure that goods arrive at the right place when required and at the lowest cost. It is therefore the responsibility of the producer to choose the best channel that would move its products profitably. The most important thing in the choice of channel of distribution by company is the capability of the channel to deliver the goods in the expected state (natur0 without being tampered with. Suffice to say that management must choose with an eye on tomorrow's likely selling environment as well as today's.

Distribution Channels

Stern and El-Ansary defined marketing channel as set of interdependent organizations involved in the process of making a product or service available for use or consumption.

Reasons And Functions Of Distribution Channels

Why would a producer delegate some of the selling job to intermediaries? The delegation means relinquishing some control over how and to whom the products are sold. The producers appear to be placing the firm's destiny in the hands of intermediaries. But there are several benefits enjoyed by a producer when he chooses to use a distribution channel.

Companies use distribution channels when:

- They lack the financial capacity to carry out direct marketing
- Direct marketing simply is not feasible
- They can earn more by doing so.

Function

The most important functions performed by intermediaries are:

- Information – The collection and dissemination of marketing research information about potential and current customers, competitors and other actors and forces in the marketing environment.
- Promotion - The development and dissemination of persuasive communication designed to attract customers to offer.
- Negotiation –The attempt to reach final agreement on price and other terms so that transfers of ownership or possession can be effected.
- Ordering –Marketing channel members' communication of intentions to buy to the manufacturer.
- Financing – The acquisition and allocation of funds required to finance investors at different levels of the marketing channel.
- Risk Taking –The assumption of risks connected with carrying out the channel work.
- Physical possession – The successive storage and movement of physical products from raw materials to the final customers.
- Payment: buyer's payment of their bills to the seller through banks and other financial institutions.
- Title: the actual transfer of ownership from one organization one person to another.

Channel Design Decision

In designing marketing channels, manufacturers have to decide what idea is, what is ideal, what is feasible and what is available. A new firm typically starts as a local operation selling in a limited market. The number of intermediaries in any local market is apt to be limited. A few manufactures' sales agents, a few wholesalers, several established retailers, a few trucking companies and a few warehouses. Deciding on the best channels might not be a problem. The problem might be to convince one or few available intermediaries to handle the manufacturer's line.

Designing a channel system calls for analyzing customer needs, establishing channels objectives and identifying and evaluating the major channel alternatives.

Understanding what, where, why, when and how target customers buy is the first step in designing the marketing channel. The marketer must understand the service output level desired by the target customers –the types and levels of services that people want and expect when they purchase a product. Channels produce five outputs:

- Lot size: A lot size is the number of units that the marketing channel permits a typical customer to purchase on a purchase occasion.
- Waiting Time: Waiting time is the average time that customers of that channel wait for receipt of the goods. Customers normally prefer fast delivery channels. Faster service often requires a greater output level.
- Spatial Convenience: Special convenience expresses the degree to which the marketing channel makes it easy for customers to purchase the product.
- Product Variety: Product variety represents the assortment breadth provided by the marketing channel normally customers prefer a greater assortment because more choices increase customer's chance of finding what he needs.
- Service Backup: Service backup represent the add –on services (credit, delivery, installation repairs) provided by the channel. The greater the service backup, the work provided by the channel.
- The marketing – channel designer must know the service outputs desired by the target customer. Providing increased levels of service outputs means increased cost for the channel and higher prices for customers. The success of discount stores indicates that many customers are willing to accept lower service output when this translated into lower prices.

Objectives And Constraints Of Distribution Channels

The channel objectives should be stated in terms of targeted service output levels. According to Backlin under competitive condition, channel institutions should arrange their function tasks so as to minimize total channel cost with respect to desired levels of service outputs. Usually, several market segments can be identified that desire differing service output levels. Effective channel planning requires determining which market segments to serve and the best channels to use in each case.

Channel objectives vary with product characteristics perishable products require more direct marketing because of the dangers associated with delays and repeated handling. Bulky products, such as building materials require channels that minimize the shipping distance and the number of handling in the movement from producer to consumers. Non- standardized products, such as customer built representatives. Products requiring installation and/or maintenance services such as heating and cooling systems are usually sold and maintained by the company or exclusively franchised dealers.

Channel design must adapt to the larger environment and must take into account the strengths and weaknesses of different types of intermediaries.

Managing The Marketing Channel

Producer varies greatly in how they manage their distributors. They can draw on the following types of power to elicit cooperation.

- **Coercive Power:** is wielded by a manufacturer that threatens to withdraw a resource or terminate a relationship if intermediaries fail to co-operate. This power is quite effective if the intermediaries are highly dependent upon the manufacturer.
- **Reward Power:** Occurs when the manufacturer offers intermediaries an extra benefit for performing specific acts or functions. Reward power typically produces better results than coercive power but can be overrated. The intermediaries are conforming to the manufacturer's wishes not out of conviction but because of an external benefit.
- **Legitimate Power:** Is wielded when the manufacturer requests a behavior that is warranted by the contract. As long as the intermediaries view the manufacturer as a legitimate lender, legitimate power works.
- **Expert Power:** Can be applied when the manufacturer has special knowledge that the intermediaries value. For example, a manufacturer may have a sophisticated system for sales-lead generation or for distributor sales training. This is an effective form of power, if intermediaries would perform without this help.
- **Reference Power:** Occurs when the manufacturer is highly respected that intermediaries are proud to be identified with it. Companies such as IBM, Caterpillar, McDonald's, Coca-Cola and Hewlett Packed (HP) have high referent power.

Channel Conflicts

No matter how well channels are designed and managed there will be some conflict, if for no other no other reason than the interest of independent business entities don't always coincide. We shall look at three questions: what types of conflict arise in channels? What causes conflict? What can be done to resolve conflict situation?

Types of conflicts:

- **Vertical channel conflict:** this exist when there is conflict between different levels within the same channel e.g General Motors came into conflict with it dealer years ago in trying to enforce policies on service, pricing and advertising. Coca-cola came into conflict with its bottlers who agreed to also Dr. Pepper.
- **Horizontal Channel conflict:** exists when there is conflict between members at the same level within the channel. Some ford car dealers in Chicago complained about other Chicago ford dealer advertising and pricing too aggressively.
- **Multi- channel Conflict:** This exist when the manufacturer has established two or more channels that compete with each other in selling to the some market e.g when Goodyear began offering its popular tyre brands for sales through mass market dealer were angered. It eventually placated them by offering exclusive tyre that would not be sold in other retail outlets.

Impact Of Channel Conflict

The impact on the Intra Channel Conflict

This study brings us closer to the issue of the conflict in the channel if distribution conflicts in its most general sense can be thought of as overt behaviour "arising out of a process in which one unit seeks the advancement if its own interest in its relationship with the others." It is also referred to in channels of distribution as a feeling of a stress tension or hostility of one channel member towards another.

The sources of power that manufacture uses to obtain control over their dealer network are shown to have significant impact on the level if conflict that dealers have with their manufacturers. Coercive source tends

to increase the level of intra-channel conflicts whereas non-coercive sources tend to decrease it. Manufacturer need to be cognizant if this fact in order to use intelligently their available sources of power in franchise channels of distribution there is a high degree of functional interdependence between the franchisor (A) and franchisor (B) Given this degree of functional interdependent, the potential for conflict development is high. Also franchise channels of distribution have well defined power structures in which the power is weighted in favour of the franchisor A.

In a channel of distribution, manifest conflict usually takes the form of verbal or written exchanges of disagreements between channel members, manifest conflict has two dimensions such as frequency and intensity.

IMPACT OF SOURCES OF POWER ON CHANNEL CONFLICTS

If A is likely to use coercive sources of power when B does not co-operate with him, then B will have more frequent and intense conflicts with A. Therefore, threat of coercion as a response to conflict tends to intensity and increase the frequency of conflict. This view is consistent with most models of conflict process. This view is consistent with the writing of Baldwin who states 'Fear, anxiety and resistance are typically responses to threats'. If A uses negative sanctions today, B will tend to be less willing to co-operate with A in future. Raven and Kringslanski support this assertion.

To the extent that B perceives A to possess non-coercive sources of power. B will have fewer and less intense conflicts with A. Thus outcome is due to non-coercive power of A over B being based on:-

1. A having the ability to mediate rewards for B
2. A having a legitimate right to prescribe behaviour for B
3. B having some special knowledge or expertise in a given area

Ravin and Kruglanski support the proposition that legitimate influences can be an effective means of reducing conflict. They also said that mutual feelings of identification could indeed forestall disagreement and conflict.

Hunt and Nervin found that franchisor rely primary on coercive sources rather than non-coercive sources to achieve power over their franchisees.

The non-coercive sources of power are effective for reducing the function of inter-channel conflict. The coercive sources of power decreases dealer's satisfaction, which may lead to dealers forming coalitions at both local and national levels.

In summary, the manufacturers should be cognizant of the fact that their use of coercion can play an important role in determining manufacturer-dealer relations both on a short term and long-term basis.

Managing Conflicts In Distribution Channels

This model evolved from a laboratory study carried out by Louis W. Stern, Brian Sternthal and C. Samuel Craig at Ohio State University, U.S.A.

Conflicts between channel members may encompass such issues as disputes over maintenance of inventory levels, discount merchandising, bypassing middlemen, sales by factory-owned outlets, representational politics and prices.

III. Research Methodology

RESEARCH DESIGN

The methodology adopted for the study is used on positive theories (Eno Linaga 1990) which is essentially descriptive design is geared toward collecting data to answer the research questions on the study.

POPULATION STUDY

The target populations for this study are the staff of NBC plant sales department the Mini Depot and wholesale dealers of NBC products.

DATA COLLECTION METHOD

Many books reviewed serve as useful source of information gathering the method of data collection for this study is questionnaire. This signifies that primary data will be used in this study.

The questionnaire will be 40 twenty administered on staff of NBC plant sales department. Ten administered on Mini Depot and 10 administrations on wholesale of NBC products.

SAMPLING TECHNIQUE

The random sampling techniques were used to select the sample. The sample was done by selecting a portion of the total population in such a manner that all method of the total population has equal chances of being selected.

METHODOLOGY OF DATA ANALYSIS

The data gathering on this study were analyzed statistically primarily to ascertain their validity from the ample. The percentage method of analysis was used to describe the effectiveness of channel of distribution in soft drink industry (A case study of Coca-Cola Nig. Bottling Company).

Simple statistic like deviation, percentages and average bar-chart, pie Charts were employed. Variables were tested with the finding from tables in the next chapter four (4), Hypotheses were logically tested and interpreted using (chi-square) with the support of most relevant in the table accepted.

To test the various analyses above, the Chi-Square Techniques is employed. Using Chi Square at 5% confidence interval, which is equal to 95% significance level. Adding all the responses and dividing them by the numbers of types of responses to arrive at the mean, which is the expected variable arrive at the expected variable.

Chi-Square is represented by X^2

Where $X^2 = \frac{(FO - FE)^2}{FE}$

FE

Where FO = Observed Frequently

FE = Expected Frequency

IV. Presentation And Data Analysis

PRESENTATION OF DATA

The presentation of the information supplied in the 40 administered and 30 returned questionnaire representing 75% of the total questionnaire administered will be presented and classified into

- Tabular Presentation
- Analysis of Contents

SECTION A

TABLE 4.2: DISTRIBUTION OF RESPONDENTS ACCORDING TO SEX

Respondents	Frequency	Percentage
Male	72	72
Female	28	28
Total	100	100

Source: Field Survey 2019

The table stated that 72 (72%) of the respondents were Male; while 28 (28%) were Female. However, this shows the disparity between the sexes may be largely due to higher composition of males in the labour market. It may also be a result of late entrance of female into the Nigeria Industrial labour market.

TABLE 4.3: DISTRIBUTION OF RESPONDENTS ACCORDING TO MARTIAL STATUS

Respondents	Frequency	Percentage
Married	66	66
Single	34	34
Total	100	100

Source: Field Survey 2019

The classification of this table shows that 66(66%) of the respondent were married, while, 24 (24%) of the respondents were single.

TABLE 4.4: DISTRIBUITION OF RESPONDENTS ACCORDING TO AGE

AGE	FREQUENCY	PERCENTAGE
25-35	26.7	26.7
36-45	16.6	16.6
46-55	30.0	30.0
56-above	26.7	26.7
TOTAL	100	100

Source: Field Survey 2019

Table 4.4 above indicate that there were 4 cate distribute on. Majority of the respondents (8) were years, which is 26.7% of the sample. Followed with 5 (16.6%) while, 9 (30%) for 46-55 age group and finally, 8 of the respondents that it's 26.7% fall on 56 and above age group.

TABLE 4.5 DISTRIBUTIONS OF RESPONDENTS ACCORDING EDUCATIONAL QUALIFICATIONS

EDUCATIONAL QUALIFICATION	FREQUENCY	PERCENTAGE
G.C.E./S.S.C.E.	30	30
O.N.D.	20	20
H.N.D.	23	23
B.S.C.	27	27
TOTAL	100	100

Source: Field Survey 2019

The table above shows that, 30% were G.C.E./S.S.C.E. holders 20% were O.N.D. holders, and 23% were H.N.D. holder, while 27% were B.S.c, University graduates.

TABLE 4.6 RESPONDENTS YEARS OF SERVICE

Length of Service	FREQUENCY	PERCENTAGE
1-5	23	23
6-10	22	22
11-25	23	23
16-20	27	27
20-above	0	0
Total	100	100

Source: Field Survey 2019

Table 4.6 shows that, 23% of the respondents have spent 5 years or less than 5 years in the organisation, while 22% have spent 6 years or more, 23% claimed to have spent 11 years or more, 27% have spent 16 years and above in and finally no one claimed to have spent 20 years and above.

TABLE 4.7: INCOME OF RESPONDENTS DISTRIBUTION ACCORDING TO LEVEL

Income per annum	Frequency	Percentage
20,000-50,000	27	27
50,000-100,000	23	23
100,000-150,000	13	13
150,000-200,000	20	20
200,000-above	17	17
Total	100	100

SOURCE: FIELD SURVEY 2019

The table above shows that majority of the respondents, earned between N150,000 to 200,000 annually, that is 20% while 13% earned between N100,000 to N150,000; 23% of the respondents earned N50,000-100,000 annually. Also 27% of the respondents earned N20,000 to 50,000. This disparity in income distribution can only be explained by qualification and status of responsive employees in the organization.

TABLE 4.8 ARE THE DISTRIBUTION CHANNEL OF THE SOFT DRINK ADEQUATE?

Respondent	No	%
Yes	76	76
No	24	24
Total	100	100

Source : Field Survey 2019

From above table, it revealed that 76 respondent representing 76% stated that the distribution channels are adequate while 24 respondents representing 24% stated that the channel of distribution of NBC is not adequate.

TABLE 4.9 - : ARE THE DISTRIBUTION CHANNELS OF NBC PLC EFFECTIVE IN PROVIDING CLOSENESS AND AVAILABILITY OF ITS PRODUCT?

Respondent	No	%
Yes	100	100
No	-	-
Total	100	100

Sources: Field Survey 2019

The entire respondent agreed that channel of distribution makes the product available and closer to the reach of the consumers representing 100% of the administration questionnaire-

TABLE 4.10 - : ARE THE DEALER/DEPOT SATISFIED WITH THE CURRENT CONSUMER MARKETING MODEL.

RESPONDENTS	No	%
Yes	83	83
No	17	17
Total	100	100

Sources: Field Survey 2019

Of all the questionnaire administered 83% representing 83 respondents of the administrated are satisfied with the consumer marketing model while 17% representing 17 respondent are not satisfied with the model.

TABLE 4.11- : ARE THERE CONFLICTS IN DISTRIBUTING SYSTEM OF NBC PLC?

RESPONDENTS	No	%
Yes	66	66
No	34	34
Total	100	100

Sources: Field Survey 2019

66 respondents representing 66% of the total questionnaire administrated stated that there exist conflicts in the distribution system of NBC Plc while 10 respondents disagreed with existence of conflicts.

4.12 What are the various conflicts encountered in the distribution system?

From the 100 questionnaires administrated, the respondents stated the following conflicts in the distribution channel.

- i. Problems of enforcing policy on dealers by manufacturer.
- ii. Conflicts between dealer on the same level on pricing and advertisement
- iii. Retail selling by the manufacturer

4.13 Please suggest how to manage these conflicts in distribution channel?

The response from the respondents stated that the use of super ordinate goal and exchange of persons (salesman) or delivery personnel as it would help to reduce the conflicts in distribution.

TABLE 4.14 - : DO CHANNELS OF DISTRIBUTION EXPAND THE MARKET OF NBC PRODUCTS?

RESPONDENTS	No	%
Yes	100	100
No	-	-
Total	100	100

Sources: Field Survey 2019

The table above shows that, 100% represents that received the questionnaire administered stated that channel of distribution expands the market of NBC products.

TABLE 4.16 - : EFFECTIVE CHANNELS OF DISTRIBUTION HAS POSITIVE IMPACTS ON THE PROFITABILITY OF SOFT DRINKS INDUSTRIES.

RESPONDENTS	FREQUENCY	PERCENTAGES
Strongly Agreed	46	46
Agreed	34	34
Disagree	13	13
Strongly Disagree	7	7
Total	100	100

Sources: Field Survey 2019

The table above indicates that 46 (46%) of the respondents strongly agree that effective channels of distribution have positive impacts on the profitability on soft drink industries. While 34 (34%) of the respondents Agree with that 13 (13.%) of the respondents disagree and finally, 7. (7%) of the respondents strongly disagree with the statement.

4.2 TEST OF HYPOTHESIS

Effective channel distribution has no impacts on the:

Ho: Profitability of soft drink industries

Effective channel distribution has positive impacts on

Hi: the profitability of the soft drink industries.

RESPONDENTS	NO OF OBSERVED	EXPECTED	O1-E1	(O1-E1) ²	$\frac{(O1-E1)^2}{E1}$
Strongly Agreed	47	25	22	484	19
Agreed	33	25	8	64	3
Disagreed	13	25	- 12	144	6
Strongly Disagree	7	25	-18	324	13
Total	100	100	-	-	12.12X ² c al

Source: Field Survey 2019

$$\text{Expected} = \frac{\text{Total Observed}}{\text{No. of items}} = \frac{100}{4} = 25$$

$$\text{Confidence level of 5\%} = 1$$

$$\text{Degree of freedom (r-1)} = 4-1 = 3$$

$$X^2_{\text{tab}} = 7.82$$

INTERPRETATION OF RESULT:

Since X²cal is greater than X²tab that it's 12.12 > 7.82 the null hypothesis should be rejected to accept the alternative hypothesis that effective channel of distribution has a positive impacts on the profitability of soft drinks industries.

V. Summary Finding Recommendation And Conclusion

Summary Of Findings

This study revealed that distribution is an important aspect of making which ensure that products needed by consumers are delivered in the right quantities and quality to meet their satisfaction. Distribution encompasses physical distribution, which involves transportation, storage and materials handling activities.

Also, marketing involves the selection of the number of level of middlemen and in these levels, the individual wholesale and retail firm to assist in the flow of product i.e channel of distribution and channel facilitating agents. The role middlemen cannot be overemphasized as they engage in active and prominent role in negotiation involving having and selling of goods.

The various functions performed by the intermediaries also highlighted in chapter 2 such as informational promotional negotiation, ordering, financing, risk taking, physical possession, mode/level i.e middlemen that bring the product and its title closer to the final buyers. The various channel model such as consumer marketing channel made and industrial marketing channel model are discussed.

This study also revealed that the objectives of establishing distribution channel are to minimize total channel cost with respect to desired levels of service output. In doing this, the number of intermediaries and designing channel decision needed to be made as it relates to analyzing customer needs, identifying and evaluating the major channel alternatives.

Distribution channel should also be managed very well to reduce various channel with the use of appropriate power to elite co-operation. If these conflicts are not well managed the effect will be on the both intra channel distribution and the user of inappropriate power. However, finding reveals on chapter four that 20 respondents representing 66.7% of the total questionnaire administered stated that there are conflicts in the distribution system that there exist conflicts in the distribution system of NBC Plc while to respondents disagreed with existence of conflicts.

Also, it was shows that 14 (46.7%) of the respondents strongly agree that effective channels of distribution has positive impact on the profitability on soft drink industries, while 10 (33.3%) of the respondents agree with that. 4 (13%) of the respondents disagree and finally, 2(6.7%) of the respondents strongly disagree with the statement.

Recommendation

As a result of the conducted investigation of the different physical distribution systems, recommendations are provided below:

Direct Deliveries

There is a big potential for cost savings if the number of direct deliveries was increased. There will be a large volume of soft drinks product. Which could go directly to the consumers' i.e some product will be considered as possibility for direct deliveries? The main reason for this is that there will be reduction in tired up capital costs for soft drink products.

With the aim to increase direct delivery index, review of sales in different markets should be carried out periodically.

Before making a decision making about increase of direct deliveries some awareness is recommended in transformation planning, such as coming Federal road tolls and their effect of transport pricing.

Distribution

The channels of distribution are feasible for soft drinks industries in terms of total logistic cost and tied up capital cost. These might decrease by half because time for storage is eliminated. This will result in reduction of total logistic cost and tied up capital costs. It is recommended that considering this alternative, but at the same time, management should be aware that distribution via stockless platform is more complex solution for physical distribution improvement than direct delivery.

VI. Conclusion

It is important not to overlook the frequency of involving the customers. The involving of the customers has to be increased at the time as the company increases tied up capital turnover. In other words the inventory turnover and involving has to be proportional. Otherwise even if inventory management is very efficient, finance department might be a bottleneck for overall improvement. That is why the integration of logistic and finance departments is obligatory.

Furthermore, close collaboration with customer is needed. As it was stressed during the interviews with dealers, and sales managers mutual communication, understanding of process and win-win solutions finding with customers and business partners is a key to successfully implementation this kind of set up. In the analysis part we tried to show the parts where economic saving can be attained of course. These are simplified situation and not all variables were included in our research that is why further investigation and more detailed calculations for the proposed solution are required. In order to implement new distribution set ups, further research on the cost trade off for the customer should be conducted.

Suggestion For Further Research

In order to implement new distribution set ups, further research in the cost trader offs for the customers should be conducted.

References

- [1]. Alderson, W (1954): the development of Marketing channel Irwin Press.
- [2]. Asika Nnmadin 2002 Reasearch Methodology in the Behaviour Science Ikeja Longman Press Nigeria.
- [3]. Boone, F-Louis (1973): Marketing Channels, G.L Press Buckling Louise P.(1996): Institute of Business and Economies Research, Berckley University of California.
- [4]. Canthon J.D (1976): Distribution Relation, Industry marketing
- [5]. Christopher M.et al (1977): Distribution Planning and Control, a Corporate Approach Gower Press.
- [6]. Cox, R. (1965): Distribution in a high Level economy prentice Hall Inc. Cundiff, Stiff and Govoni, Fundermental of Modern Market, New Jersey Prentice Hall Inc, 1073.
- [7]. Davies K.R (1961): Marketing Management, new York, the Ronald Press Company
- [8]. Donnelly J.H (1976): Marketing Intermediaries in channel of Distribution for service, J.M Vol 40.
- [9]. Eno L Inanga 1990 Introduction to Research Lagos Malthouse Press Nigeria.
- [10]. Guardian M. (1972): Marketing the channel Pergomon Press
- [11]. Kotler, P. 1980 Marketing the Management Analysis, Planning and Control, 4th Edition, Pretice Hall Inc.
- [12]. Mc. Vey P. (1960) Pre-channels of Distribution what the textbook says, JMR.
- [13]. Micheal, E. (1977) channel Environment and Channel Leadership.
- [14]. Musselman and Hughes (1977): Introduction to Modern Business –Issues and Environment, New Jersey Prentice hall. Inc.
- [15]. Nyson, P.H (1998): Marketing Handbook, New York, the Ronald Press Co.
- [16]. Odughesan O. (1996): et al Distribution channels management Ibadan Nigeria R.A.Publisher.\
- [17]. Rearlis Cox and wroe Alderson Eds (1950): Theory in Marketing Chicago III, Irwin & Co., 1950.
- [18]. Shelby D. Hunt and John R. Nevin: Power in a channel of Distribution, sources and Consequences.
- [19]. Stanton, W.J. (1981): Fundermentals of Marketing, Mcgraw Hill Inc.
- [20]. Warren J. Wiltreich (1962): Misundeerstanding the retailer, Harvard Business Review January, 1972.
- [21]. Wroe, A and Martin W., Toward a Format Theory of Transactions and Tranvection, JMR, 1965.
- [22]. Yomere and Agbonifoh 1999 Reseach Methodolgy Bnin City Uniben Press Nigeria.

APPENDIX A

Bamisaye, Samuel Olusegun

ECOTES University, Cotonou
Republic of Benin.

Dear respondent,

I am an undergraduate student of the above situation, of Lagos State University, Ikoyi Campus, Lagos, conducting a research on The Roles of Channel of Distribution for organizational growth in a Manufacturing Company with special reference to Nigeria Bottling Company Plc.

You have been chosen as one the respondents to this research study as your response is deemed necessary for the success of the study, thus your maximum co-operation is highly required.

