FACTORS INFLUENCING THE DISTRIBUTION CHANNEL PERFORMANCE OF KENYA WINE AGENCIES LIMITED (KWAL) PRODUCTS WITHIN THE SUPERMARKETS IN KENYA

BY

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DECLARATION

I declare this research is my original work and has not been previously published or presented for award of degree in any other university.

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The research proposal has been submitted for examination with our approval as university supervisor:

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SCHOOL OF BUSINESS
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DEDICATION

This research study is dedicated to my sons Billy Thambu and Bobby Thambu for their support and tireless sacrifices of their precious family time throughout the entire MBA programme and especially during this research project.
ACKNOWLEDGEMENT

The journey of seeking knowledge is taxing, time consuming and quite costly a process but not being able to engage with it is a tragedy that only ignorance can confirm. This search is a manifestation of pursuing further studies and enlightenment and it would not have been easy if it were not for the moral and academic support from various people who anchored me in the faith and belief of academic excellence.

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ABSTRACT

The wine industry in the world market has been experiencing a period of a substantial growth and change. Marketing channels of wines are develop and operate in complex environment that is continually changing as they are influenced by macro environmental forces or variables such as consumer buying behavior, economic, political and legal factors, technological changes, international macro influences and channel member preferences.

These changes have posed a competitive threat to KWAL in Kenya and contributed to loss in its market share to competitors. This study therefore aimed at surveying factors influencing the distribution channel performance of KWAL with a view to building the distributor/customer relationship and attaining the competitive advantage. The study was guided by two objectives those are; to assess the distribution channel performance in the wine industry and to determine the factors influencing the distribution channels performance in the wine industry, among the supermarket outlets in Kenya.

It was designed to capture data on the performance of KWAL distribution channels. The survey research was found appropriate as it required the collection of quantifiable information from the sample. Since it was a survey research, both the structured and self administered questionnaires were used to collect the data. The responses from the questionnaires were checked for the completeness and the Statistical Package for social sciences was used to analyze the results of the questionnaire.

The study also concludes that factors significantly affecting KWAL distribution channels are economic, poor public awareness and competition. Others were like Managerial challenges, legal, technological and social–cultural issues. From the findings and recommendations, the study recommends that factors that greatly affect performance of distribution channels of KWAL products in supermarket outlet were economic factors and poor public awareness. The study also recommends that KWAL Company should segment its market to easily influence the performance of its distribution channel in supermarkets in Kenya. The study also recommends allocation of more resources and improving public awareness.
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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The wine industry in the world market has been experiencing a period of substantial growth and change since the mid-1980s, wine has been the market’s most lucrative product, its sales account for 78.9% of the world’s market value. The global wine market grew by 1.9% in the 2004 to reach a volume of 18.7 billion litres whose value was $147.5 billion (Business Wire, 2007). The global wine market generated total revenues of $213.8 billion in 2005, this representing a compound annual growth rate (CAGR) of 2.6% for the five-year period spanning 2001-2005. Market consumption volumes increased with a CAGR of 1.2% from 2001-2005, to reach a total of 18.9 billion liters in 2005 (Business Wire, 2007). Europe has been the world’s largest wine market and accounts for 73.4% of the global market’s revenue. The US generates a further 14.3% of the global markets value. Changes in the consumer market and development within retail and distribution channels have dramatically altered the business environment for all wineries, offering multiple benefits for some and significant challenges for others (Jenster & Jenster, 1993).

Overproduction by New World wine producers has pushed down prices over the last few years, taking a major toll on producers’ margins. But a growing trend towards premium wines could save the day, in both established and emerging markets, suggests a new report. The latest Euro monitor research on the global wine industry shows that overproduction in the New World had a significant impact on pricing, with producers forced to cut prices in order to offload more of their wine. The UK, the largest export market for six of the largest New World producing countries (the US, Argentina, Chile, Australia, New Zealand and South Africa, was one of several beneficiaries of heavy discounting and price promotional activity between 1998 and 2003. According to industry experts, around 60 per cent of all still wine sold in the UK off-trade is on price promotion - good news for drinkers, but not so good for wine makers. The increasing importance of premium wines is also reflected by the moves of the major spirits groups such as Diageo and Allied Domecq to expand their portfolios in recent years - premium wines have truly become big business (Euro monitor International PLC, 2004).
Supermarkets and hypermarkets also form a significant outlet for the wine marketing in Asia-Pacific, holding the remaining 28.1% of the market distribution. In the 56.7% of the market sales are distributed through on-trade retailers. Supermarkets and hypermarkets hold 19.3% of the remaining market distribution. In some countries, like Australia wine is not sold legally in supermarkets, but over 50% of the specialist retailers are owned by the major supermarket chains (Jenster & Jenster, 1993). These facts should indicate that wine is a fast moving consumer good.

Wines especially from New World are branded and well packaged. The information in the packaging influence purchase, e.g. the region, sub-region and country of origin, vintage, the grape variety or blend, the producer (blender of wines), style of fermentation (e.g. bottle fermentation, late harvest), the wine maker, and the specific vineyard. The result is that consumer choice for wine is more complex than choice for many other products (Thomas, 2000). Producing products that customers want, pricing them correctly and developing well designed promotional plans are necessary but not sufficient conditions for consumer satisfaction. The final art of the jigsaw is distribution, the place element of the marketing mix. Products need to be available in adequate quantities, in convenient locations and at times when customers want to buy (Kotler et al., 2001).

The mix of channels for reaching consumers can vary greatly depending on the market strategy adopted and the market segment that the company wants to target. The most common retail outlets are supermarkets, mega-stores, restaurants, hotels, resorts, Airlines, airports (wine bars and restaurants), duty free shops and high end liquor stores. Wine makers therefore should decide which channels to use depending on the image, market segment they want their wine to portray, cost and their marketing budgets. Premium brands tend to be targeted to upscale restaurants, resorts and high end liquor stores while large scale producers target larger segments that are served through supermarkets and mega stores (IC Publications Ltd, 1994)
1.1.1 Factors Influencing the Distribution Channel Performance

Marketing channels develop and operate in complex environment that is continually changing. The changes have major effects on the marketing channels. According to Rolnicki (1998) every channel is influenced by macro environmental forces or variables such as consumer buying behavior, economic, political and legal factors, technological changes, international macro influences and channel member preferences. Due to the dynamics nature of these factors, companies must frequently evaluate and monitor the performance of their distribution channels. The evaluation and monitoring has to be done regularly for better results. When performance goals are not met, other possible channel alternatives must be evaluated and changes implemented,

The fundamental challenge confronting channel managers in the face of these economic developments is to help channel managers weather difficult economic conditions. The competitive environment must include not only domestic but also global competition as well. The socio cultural environment has a significant impact on marketing channels because the structure of marketing channels reflects the socio cultural environment within which they exist. The technological environment must be monitored carefully to evaluate the effects of technological changes on marketing channels. Such developments as the internet, computerized inventory management, computer shopping etc. have had, and will continue to have, profound effects on marketing channel strategy. Also channel managers cannot ignore the political-legal environment, with its complex laws and continually changing precedents. Distribution strategy and its performance can also be shaped by how decisions are made in other marketing areas such as the product, price and promotion elements. The idea behind the channel in the distribution area is that a channel concept highlights the efficiency and effectiveness aspects of distributing goods and services (Wilders, 2006). Each of the elements in these channels has their own specific needs, which the manufacturer must take into consideration, along with those of the end customer (Stem et al., 2006).
1.1.2 Overview of Kenya Wine Agencies Limited

In Kenya the wine industry is quite competitive with firms such as the East African Breweries, London Distillers, Africa Distillers, Global Beverages and Kenya Wines Agencies Limited (KWAL) trying to out compete each other. KWAL is a majority Government-owned Company, which was incorporated in May 1969 under the Companies Act (Cap 486) as a joint venture between the Government of Kenya through the Industrial and Commercial Development Corporation (ICDC) and private investors (IC Publications Ltd, 1994). Its aim was to consolidate importation and distribution of wines and spirits from foreign owned companies, and thus it has been the leading manufacturer and distributor of Wines and Spirits in Kenya and in the region.

Today KWAL manages extensive and varied portfolio of international and local brands, comprising variety of alcoholic beverages. This brand portfolio comprises Wines (the leading ones being Papaya, Yatta Red and White, Caprice, Vina Ventisquero and Drostdy-Hof among others), Spirits (top among them being Hunters Choice Whisky, Beehive Brandy, Viceroy Brandy and Amarula Cream Liquor among others) and Ready-to-Drink (RTD) beverages (led by Yatta Grape Juice, Tropical Breeze ICE and Kingfisher fruit wines among others) (IC Publications, 1994). Some of these brands are imported and bottled locally by KWAL under license, while others are produced locally. KWAL's distribution network is established through its major supermarkets, Restaurants/hotels, wine shops and pubs or bars located in major cities and towns such as Mombasa, Nairobi, Kisumu and Nakuru in the country. There are delivery vans which supply to these destinations depending on the stock levels at its outlets. KWAL's role of consolidating importation and distribution of wines and spirits from foreign owned companies was effectively discharged until the liberalization of the economy in 1992/1993 when it lost its monopoly status. These changes combined with changes in distributor-customer relationships resulting from technology have posed a competitive threat to KWAL and has contributed to the loss in its market share (IC Publications Ltd, 1994).
1.2 Statement of the Problem

Often businesses recognized that ensuring channel effectiveness can be a complex and time consuming undertaking. Retail Managers and other distributors are constantly juggling daily challenges such as inventory shortages, supplier related issues, and staff training; all of which detract from their ability to focus on long-term business objectives such as planning and growth. They are also facing a much more complex risk environment for a host of different reasons. The most prominent include the domestic market saturation, subtle but crucial differences in local, national and regional tastes and behaviors, competitors with, inherent advantage, growing sophistication among others. These trends in the environment have altered the expected outcome of an economic action by changing the probability of achieving business objectives.

Developing successful distribution strategy in today's fierce competitive environment is a complex undertaking. Market globalization and deregulation has intensified competitive rivalry and motivated manufacturers to re-examine their current strategies and inherent weakness of these strategies and their inability to address current challenges and opportunities (Stem et al. 2006). As the key channel member in direct contact with the consumer end-user, the retailer's actions are also critical to the success of the marketing channel. If they are successfully to program their operations for high-yield performance and if other channel members are going to play-significant roles in working with the retailers to make the distribution of their products and services more effective and efficient, it is necessary that all parties to the process recognize emerging opportunities and impending constraints by performing environmental analysis. Thus, the need to examine macro-environmental factors such as technological, social-cultural, political and physical variables as well as internal variables or is necessary as they play important roles in influencing the channel structure and performance

However to get the wine to a consumer is one of the hardest issues a company is faced with. With a wave of new established labels all competing for sales, the wine producer and seller needs different options of how best to sell and distribute their wine. Will their brands suite a supermarket, a high street, group chain, or is it destined for independents?
This consideration is borne of a number of factors such as volume, price sensitivity and an understanding of the patronage of each establishment. A major trend in the wine market has also been the growth in the size of the distributors through mergers and acquisitions. This large distributors or consortiums represents several competing manufacturers, acting more as purchasing agents for their customers than as representatives for a manufacturer (Kotler et al., 2001). These changes have posed a competitive threat to KWAL and contributed to lose in its market share to competitors (IC Publications Ltd, 1994). This study therefore aims at surveying factors influencing the distribution channel performance of KWAL with a view to building the distributor/customer relationship and attaining the competitive advantage.

1.3 Objectives of the study
   i) To determine the factors influencing KWAL products distribution channels performance in the wine industry, among the supermarket outlets in Kenya
   ii) To establish the challenges affecting KWAL products distribution channel in supermarkets

1.4 Importance of the Study

Distribution will allow industry players to fully exploit their competitive advantage by developing appropriate distribution strategies that will optimize operations whilst ensuring best environmental practices are maintained. It will increase organizational flexibility in terms of meeting consumer requirements in the best and most affordable manner. The findings are also intended to identify areas where corrective action will be necessary.

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

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

The study is important to the customers since a channel of distribution creates an efficient flow of products to reach them. The findings will help customers understand the role of intermediaries in providing them with a broader range of products from multiple producers through bridging possession, time and place utility. It also points out the importance of taking a holistic perspective when redesigning distribution structures.
CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept of Distribution Channel

Marketing channels are sets of interdependent organizations involved in the process of making a product or service available for use or consumption (Kotler et al., 2001). The American marketing association defines channel of distribution as an organized network of agencies and institutions which, in combination, perform all the activities required to link producers with users to accomplish the marketing tasks.

Different researchers have come up with different models to explain how distribution operates and the various operations that come into play. Distribution channels involve postponement and speculation, in which firms are involved in substitutability of marketing functions in order to create alternative channels and minimize costs. A distribution channel is not quite an economic entity, but a behavioral system in which the firms involved behave according to social imperatives, as goal seeking, role defining, power exercising and information exercising entities (Rosenberg and Stern, 1970)

Stem et al. (2006) looked at distribution channels' as economic and socio-political forces which affect collective behavior and performance. They provided a deeper understanding of the internal functions of the distribution channels, and how they are influenced by and can adapt to environmental conditions. The framework indicates two major systems: The internal and the external political economy. Both systems are divided into two component parts; an economy and a polity. The internal political economy takes distribution channels as an inter-organizational 'collectivities' of institutions and actors simultaneously pursuing self-interest and collective goals. As such, the actors interact in a socioeconomic setting of their own, called an internal political economy. Based on this, the channel of distribution is analyzed on the basis of internal economy (internal economic structure and processes) and internal polity (the internal sociopolitical structure and processes).
The internal economic structure is described by the type of transactional form linking channel members (i.e. the vertical economic arrangement within the marketing channel), while the internal economic processes refer to the nature of decision mechanisms employed to determine the terms of trade among the members. On the other hand, the internal sociopolitical structure is defined by the pattern of power-dependence relations which exists among channel members, while the internal socio-political processes are described in terms of the dominant sentiments (i.e. co-operation and/or conflict) within the channel. By considering the interactions between the economy and the polity, it is possible to understand and explain the internal structuring and functioning of the distribution systems and to derive a number of illustrative propositions for channel research.

In the external political economy organizations always operate within an environment (Stem et al., 2006). The environment of a distribution channel is a complex of economic, physical, cultural, demographic, psychological, political, and technological forces. Such forces are incorporated in the external economy (i.e. the prevailing and prospective economic environment) and the external polity (i.e. the external socio-political system in which the channel operates). The external economy of a distribution channel can be described by the nature of its vertical (input and output) and horizontal markets. The external polity can be described by the distribution and use of power resources among external actors (e.g. competitors, regulatory agencies, and trade associations). The external economic and socio-political forces interact and defined environmental conditions for the channel.

The external political economy, thus, influences the internal political economy through adaptation and interaction processes. Furthermore, channels not only adapt to the environments, but also influence and shape them. In the case of internal political economy framework, operating within each internal economic structure of a channel are certain internal economic processes or decision mechanisms. Thus, agreement on the terms of trade and the decision of marketing functions among channel members may be reached in impersonal, routine or habitual ways; through bargaining; or via centralized-planning processes. Because of the mutual dependencies which exist in
channels, it is likely that conflict, in some form, will always be present. In addition, channels cannot exist without a minimum level of co-operation among the parties (Stem et al., 2006).

The strategic profit model is used to evaluate and diagnose cost, efficiency, and profitability problems such as those that confront retailers and wholesalers (Stem et al., 2006). The model involves multiplying a company's profit margin by its rate of asset turnover and its leverage ratio to derive its rate of return on net worth (Rosenbloom, 1991). The relationship of reported net profit to sales indicates a management's ability to recover the cost of the merchandise or services, the expenses of operating the business and the cost of borrowed funds from revenues generated during a given period, as well as their adeptness in leaving a margin of reasonable compensation to the owners for providing their capital at risk. The ratio of net profit to sales essentially expresses the cost/price effectiveness of the operation. Although the net profit margin shows how well the firm performs given a particular level of sales, it does not show how well the firm uses its resources at its command. The amount of net profit may be entirely satisfactory from the point of view of the sales volume; however, the sales volume may be insufficient in relation to capacity (Stem et al., 2006).

2.2 Channel Structure and KWAL'S Distribution Network

Rosenbloom (1991) defined channel structure as the group of channel members to which a set of distribution task has been allocated. It refers to institutional, environmental, and physical factors that influence interactions of channel participants. Channel structure is accordingly viewed as influencing the conduct of channel participants which, in turn, influences market performance. Finding and selecting the right channel intermediaries is crucial to the success of the marketing strategy. The choice and performance of a specific partner (s) are the ultimate determinants of the success or failure of a marketing channel. Clearly, companies need to select their channel members carefully (Lous & Reve, 1980).

In the case of KWAL, the distribution network is established through its major supermarkets, Restaurants/ hotels, wine shops and pubs or bars located in major cities.
and towns such as Mombasa, Nairobi, Kisumu and Nakuru in the country. There are
delivery vans which supply to these destinations depending on the stock levels at its
outlets. These brand portfolios comprises Wines; the leading ones being Papaya, Yatta
Red and White, Caprice, Vina Ventisquero and Drostdy-Hof among others. Spirits;
Hunters Choice Whisky, Beehive Brandy, Viceroy Brandy and Amarula Cream Liquor
among others and Ready-to-Drink (RTD) beverages (led by Yatta Grape Juice. Tropical
Breeze ICE and Kingfisher fruit wines among others) (IC publications Ltd, 1994).
Some of these brands are imported and bottled locally by KWAL under license,
while others are produced locally. The channel structure is based on the following
dimensions:

Distribution channels have a number of levels. The selection of a particular channel level
is based on a particular industry practices, nature and size of the market, availability of
intermediaries, and other variables. Kotler (1984) characterized the simplest level that of
direct channel, when no intermediaries are engaged in the process, as the 'zero-level'
channel. KWAL has adopted the zero channel level of distribution. This is the shortest
channel and entails selling direct to the final consumer of the product. The
company (KWAL) has established its shops (duty-
free and customer service desks).
Other shops are in major towns, such as Mombassa, which covers the coastal strip as
well at Mombassa Airport to cater for travelers. KWAL also uses the indirect channel.
This is a marketing channel where intermediaries are situated between the producer and
consumer. The length of this channel varies depending on the factors affecting choice
of a channel. The intermediaries include retailers and wholesalers, among others.
Uchumi supermarkets and other chains of supermarkets are the best distribution channels
used by KWAL because it reaches its expected customers. The strategic good location
of these supermarkets also supports the distribution outreach (IC Publications Ltd, 1994).

Companies can choose from a wide variety of channels for reaching customers from
internal sales force to agents, distributors, dealers, direct mail, telemarketing, and the
internet (Kotler et al., 2001). For KWAL, the sales representatives normally visit
retailers and other distributors who are placed in various parts of the country to find
out their levels of stocks as well as supplying them as per their orders, which can be
faxed directly to the customer service desk (IC Publications Ltd, 1994). This hastens the distribution network as it makes the work of distributors or wholesalers reduced. The sales representatives as they carry out their daily duties of visiting retailers, and other distributors deliver the goods as they collect information about the sales.

The decision of how intensively to cover the market for products can be a critical choice for a manufacturer. This is because the market coverage strategy is a major factor that drives the manufacturer's ability to implement its channel program (Stem et al., 1988). However, the decision is not dependent only on the manufacturer's choice but also on the downstream channel members. Naturally, manufacturers choose to increase their market coverage and not limit the availability of their brand. They consider mainly the economics of the channel - the costs that are incurred when implementing the strategy and how that influences the sales and the profits of the company.

Most often market coverage theory is used by researchers in determining the number of retailers that can best serve consumers' requirements in a certain market. The choice of channels will be influenced by the firm's positioning strategy (Rosenbloom, 1995). Companies, therefore, have to decide on the number of intermediaries to use at each level as it determines the company's future market position. As Stuart (2006) argued, distribution intensity should be consistent with the level of activity of the channel (push vs. pull), the segmentation approach, the nature of the products distributed (bought vs. sold), the size as well as the characteristics of the target market, and the requirements of various channel partners for a sound business proposition. The basic distribution intensity strategies that a manufacturer can employ are intensive, selective and exclusive.

As stated by Stuart (2006) intensive distribution exists when a manufacturer sells products or services through all or most of the possible channel distributors that provide a particular category of product in a given market. Stuart (2006) further clarified that an intensive distribution approach gives manufacturers the highest probability of selling their products or services but only after the required investments in demand generation are made. Stem et al. (1988) argued that the higher the intensity of
brand distribution in a given market, the lower the manufacturer's influence on channel member performance. Having too many channel partners can harm the brand image and its competitive position. This coverage strategy is more appropriate for manufacturers of brands placed near the low end of the quality continuum to promote convenience and competitive pricing for the customers (Frazier et al., 1989).

In selective distribution, a manufacturer's product or service is available from more than one channel partner, but the product is not accessible from all businesses that market the category of product (Stuart, 2006). Customers seeking particular brand of product will interact with the businesses in the market that the manufacturers has selected as partners. Selective distribution is a suitable choice when manufacturers would like to design their strategies so that their channel partners have a rather active than passive role (Stuart, 2006). Frazier et al., (1989) argued that manufacturers positioning their brands as high quality have reason to pursue a highly selective distribution policy. Exclusive distribution provides high levels of channel partner profitability that allows them to offer functionality consistent with their roles in the 'push' strategy.

According to Stem et al. (1988), exclusive distribution implies that a manufacturer can have strong influence over the distributors of the brand. However, manufacturers should be careful because exclusivity may lead to conflict between the manufacturer and the distributors due to the high level of control from the manufacturer's side. Exclusive distribution creates an image of the brand that has superior ability to perform its functions (Stem et al., 1988). The manufacturers need well-trained sales force to convince the target channel members to carry the brand. The strategy also involves active channel partners and loyal business partnerships between manufacturers, distributors and customers.
2.3 Design and Selection of Marketing Channel Structures

Organizing and designing the distribution channel for a good or service is but one aspect of the marketing strategy of an organization (Stuart, 2006). Producers, manufacturers, wholesalers and retailers all face channel design decisions which may involve recognizing the need for channel design decision, setting the channel objectives, specifying the distribution tasks, developing possible alternative channel structures, evaluating variables, choosing the channel and identifying the potential market (Stuart, 2006). The need for a channel design decisions is based on many situations like developing a new product or product line, aiming an existing product at a new target market, making a major change in some other component of the marketing mix and facing the occurrence of major environmental changes such as economic, socio-cultural, competitive, technological, or legal spheres (Kotler, 1991).

Having recognized that a channel design decision is needed, the channel manager should try to develop a channel structure that will help achieve the firm's distribution objectives efficiently. The channel manager should specify explicitly the nature of the tasks such as buying, selling, communication, transportation, risk taking, financing, etc. He should then consider alternative ways of allocating these tasks based on the number of levels in the channel, number of intermediaries at each level, and identify types of available potential intermediaries at each level (Rosenbloom, 1991).

2.4 Target Markets and Channel Segments

Because individual differences influence channel choice, it is natural to suppose that there are clearly defined channel segments. Thomas and Sullivan (2005) identify five such segments according to the impact of product type, customer lifestyle, and price sensitivity on the consumers' channel choice. Customers develop preferences for various channels over time and that, in equilibrium, there are clearly defined multichannel versus single-channel segments. Top Quality wines from all the major wine regions target the connoisseur wine drinker for consumption at restaurants, hotels, lodges, and private safaris throughout the East Africa region. Quality and competitively priced wines from all major wine regions for consumption are delivered through duty free shops
for the export market. Miniature quality wines primarily from South Africa and France to service passengers traveling through the East African hub on the major international airlines are also available to the hotel clients through the room mini bars (Thomas and Sullivan, 2005)

2.5 Channel Selection

In the area of multichannel customer management, there are different factors that determine customer channel choice. These are based on: firm marketing efforts, channel attributes, channel integration, social influence, situational variables, and individual differences. Marketing efforts represent an important determinant of channel selection. Channel attributes have been found to correlate with customer channel selection. Customers may use different attributes to evaluate a channel for search as opposed to purchase. For example, ease of comparing information is clearly a search attribute, whereas speed of purchase is a purchase attribute. They also show that the importance of these attributes differs by channel. For example, privacy appears to have a stronger impact on selecting the Internet than on selecting a store (Verhoef et al, 2005).

Channel integration is another crucial determinant of channel selection. Montoya-Weiss, Voss, and Grewal (2003) and Bendoly et al. (2005) in their studies found that well-integrated channels encourage desirable customer behaviors. For example, if the firm allows products ordered on the Internet to be picked up at the store, it encourages Internet users to use the store as well. Burke (2002) pointed out that if the Internet promotes the store by providing easy store location information, it prompts customers to use the store. There is also evidence that social factors play a role in channel choice. (Verhoef et al. 2005) indicated that customers' selection of channels is influenced by the belief that people similar to them use the channel. In a similar vein, Keen et al. (2004) applied the "social norm" construct from traditional attitude theory.

Nicholson et al. (2002) also identify five basic "situational factors" that can determine channel selection: physical setting (weather, crowding), social setting (shopping with friends), temporal issues (time of day, urgency of the purchase), task definition (type of product), gift versus own (Burke 2002), and antecedent state.
2.6 Understanding and Optimizing Channel Capabilities

In order to optimize channel performance, businesses need to take the time to understand two fundamental factors: its target customers as well as channel strengths and limitations. Understanding customer needs and expectations can be a complex task. In regards to channel optimization, businesses must contend with customers who are accustomed to accessing multiple channels, a factor that increases the complexity of delivering a consistent customer experience. Most customers prefer to research products and services online prior to making a purchase decision, and then confirm their decision with the sensory (see, touch, feel) experience. Customers also view brands holistically; they don't perceive a business's website to be a separate entity from its retail channel or customer service line. This means that businesses need to strive for their channels to work in harmony, which begins with understanding respective channel strengths (Thomas and Sullivan, 2005).

To gauge channel capabilities, it is essential that both strengths and weaknesses be taken into account as part of the initial assessment. We measure channel strength through six criteria: distribution, price, product selection, promotions, customer service, and local competition. Those channels that measure up in a combination of these factors are more likely to be better positioned against competitors. For example, a business that excels in both customer experience and service is well suited to combat a competitor whose sole advantage is price. Only once a business fully comprehends which strengths can be activated through each channel can it develop an effective multi-channel strategy. Rather than having channels duplicate efforts across the board, each one can provide a complementary experience that is consistent with the business's overall strategy. Consistency however shouldn't necessarily equate to a standardized experience. Businesses must develop tailored efforts to better align strategies with local market needs and demographics (Thomas and Sullivan, 2005).
2.7 Assortment decisions

Noordewier et al. (1990) identified different assortment decision criteria based on: According to Noordewier et al. (1990) profitability and sales plays a great significance for the resellers' assortment decision. Its concern is overall profitability, rate of turnover and sales potential. This criterion is of extreme importance as resellers need to be sure that the product has the potential to increase their overall trading position and that they can make a profit on that deal. Profitability is highly dependent on sales volume while sales volume is dependent upon consumer acceptance of the products as well as upon manufacturers' reputation and marketing program. Low sales volume, negative sales trends and low level of consumer demand is the main reason for deletion of old products (Noordewier et al., 1990).

According to (Burke & Raymond, 2002), the price of the product is important as it influences demand and sales volume and determines the gross margin of the retailer. A very high price can reject the product without any other consideration, while a very low price can make the product desired by the reseller. Retailers are appreciating a product price that represents value for money for the consumer and that is in line with other products in the sector. As long as the economic conditions are considered normal for the industry they do not have a significant impact on the reseller's decision. However, if they differ in a positive way from what is common, this can lead to the acceptance of a product that is less satisfactory in other aspects.

Resellers face the problem of a growing assortment and efforts aiming at keeping the assortments within reasonable boundaries. This is a significant factor in decision making (Noordewier et al., 1990). Different principles are employed by resellers when it comes to assortment range decisions. Normally, resellers are restrictive towards new products acceptance and usually they give priority to those that already exist in the assortment. What is more, they follow the sales performance of the newly accepted products in order to be able to exclude them from the assortment if there is a negative trend. The decision to accept a new product depends on the product character and mainly on the product's degree of newness. Products that are not that innovative in
nature but rather line extensions and imitations of other products are rarely of any interest. According to Noordewier et al., (1990) resellers are more inclined to accept a new product if it offers major improvements compared to existing products. Furthermore, the retailers are willing to accept new-products that offer the consumer something new in any respect, such as convenience.

Another factor concerning the assortment criteria is the customers' product perception and their willingness to purchase it. This includes the product's consumer value, the consumer's need for the product and the consumer's satisfaction (Noordewier et al., 1990). There exist other supplemental criteria that include the price, packaging and product's physical and psychological characteristics. Physical characteristics concern quality and function, while psychological is the product's degree of newness. However, if products were unique, decision makers would never be indifferent towards any. In that sense, new features are always important in the evaluation of the products.

Suppliers play an important role when launching new products and can have a great influence on buying decisions if employing strong marketing campaigns. If a well-designed promotional program supports the new product, the effect upon both, the retailer as well as the end consumer is significant. This is largely because retailers are satisfied by guaranteed advertising programs rather than programs dependent upon distribution. Noordewier et al. (1990) argued that both the introductory campaign as well as the continual marketing should be comprehensive so that the products could receive initial recognition as well as strong market position. The suppliers' introductory market campaign is considered a crucial criterion in new product decisions. However, the initial efforts that are made in that direction should be undertaken on a large scale only if they are expected to be followed by effective, continual marketing efforts.

Assortment decisions are influenced to great extent by the presentation of the supplier concerning the product (Noordewier et al., 1990). Bigger suppliers of major brands are usually guaranteed very attentive consideration of their product. Most known suppliers are sure of getting their product accepted, given that the product is satisfactory.
in terms of marketing and newness. On the contrary, unknown suppliers have small chances of being accepted unless the product they are offering is unique and with heavy advertising campaign. The retailers scrutinize suppliers' that have an uncertain reputation in detail. Reliability can be measured by the size of the supplier as this is connected to the marketing ability and the market research that the supplier can afford to carry out.

Further, another variable is the sales volumes of the supplier's current products as this indicates the prospects of the products. Other factors related to the supplier's performance can be the supplier's service packages, management and product policy. Previous experience with other products from a particular supplier will definitely exert an influence on the retailer. Positive experience can include success with another product from this supplier accompanied by good advertising and promotion support, high reputation of the product brand and competence of the sales representatives. Retailers prefer suppliers that are known to have established backup services to the trade like improved distribution and invoicing that can limit the administrative problems of the retailers accompanied with the acceptance of a new product line (Noordewier et al., 1990).

Noordewier et al., (1990) argued that resellers in their assortment decisions take into consideration the assortment and buying decisions of their competitors. The competitors are assumed to have an indirect influence over to the extent to which end customers are influenced by the competitive action and what is of main interest here is actually the consumer demand.

Physical distribution is comprised of those business activities concerned with transporting finished inventory or raw material assortments in order for them to arrive at the chosen place, when needed, and in usable condition. As discussed by the author, the product has little value until placed in a context, which will provide the opportunity to enjoy the physical and psychological attributes related to possession. If a firm does not constantly meet the requirements of time and place closure, it will not be able to sell. On the other hand, if a firm does not efficiently meet the requirements of time and place
closure, profits and return-on-investment can be jeopardized. As a result, requirements for the physical handling of the goods during transport and in the stores seem to be quite important when choosing a supplier (Noordewier et al, 1990).

Another factor that affects the assortment decisions as well as the choice of a supplier is the performance of the salesmen. The way that information is provided by the supplier's representative concerning products, new features, etc play a significant role in the decision making. It is described as how well the salesperson is perceived as being able to provide meaningful, accurate, and timely information and the formal and informal sharing of information has been identified as a key construct in the channels literature (Noordewier et al, 1990).
Figure 2.1: Conceptual Framework

MARKETING ELEMENTS
- Product characteristics
- Promotion/communication elements
- Pricing element
- Place

ENVIRONMENT FACTORS
- Competitive, Economic, Technological
- Demographic politics and socio-cultural
- Market characteristics
- Customers expenditures
- Competitors channels
- Channels characteristics

STRATEGIC FACTORS
- Product positioning
- Market coverage intensity

DISTRIBUTION CHANNEL PERFORMANCE
- Sales
- Market share
- Profits
- Inventory
- Growth prospects

Source: Author, 2009
2.8 Performance of KWAL products in the distribution channel

The factors which affect the performance of KWAL in its distribution functions as indicated in the conceptual framework above are based on the following: Certain product attributes form an important influence on channel design and strategy. Gabbott (1991) identified that wine consumers utilized both intrinsic and extrinsic cues to aid in the choice process. Extrinsic cues are lower level cues that can be changed without changing the product (e.g. price, packaging, self location, brand name), while intrinsic cues are higher-level cues directly related to the product such as grape variety, alcohol content and wine style, which relate to the product itself and the processing method. Thompson and Vourvachis (1995) in their study of wine consumption in Australia found out that taste was the most highly correlated attribute relating to wine choice and was a dominating factor for wine consumers.

The quality of wine is generally recognized to depend upon subjective sensory evaluations and therefore, cannot be easily or precisely measured (Oczkowski 2001). The level of quality required may vary upon a variety of circumstances including the consumption occasion (Quester and Smart, 1998). Groves et al (2000) suggested that wine quality is composed of hedonistic and aesthetic components of wine consumption. These are the felt experiences resulting from the pleasure of drinking wine. However many of these measures of quality are intrinsic and difficult to assess before consumption. Landon and Smith (1997) suggested that given the incomplete information on quality, consumers rely heavily on both individual firm-reputation based on the past quality of the firm's output and collective or group reputation indicators and characteristics that allow consumers to segment firms into groups with differing average qualities to predict current, product quality (Zeithaml 1988). To help deal with that uncertainty, quality-conscious consumers process various perceived signals of quality, mainly of an extrinsic nature, such as price, producer, brand, vintage, region, awards, ratings and recommendations (Lockshin et al, 2000).

Wine companies have been using branding as a means of differentiating their product (Rasmussen and Lockshin, 1999). According to Lockshin (2001) branding is used to
identify wine more so in Australia than in Europe where wines are identified by region or vineyard. Judica and Perkins (1992) discussed how champagne users link brand name to a sophisticated image. With this in mind many wine producers use 'society gatherings' frequented by the affluent segment of society to build up the prestigious image of their brand (O'Neill, 2000). Beverland, (2000) suggested that Australian wineries are using wine tourism, to provide opportunities to build brand loyalty. It enables wineries to meet their customers face-to-face and gives them an opportunity to raise the profile of their products in the customer's mind.

Batt (1998) in his study on Australian wine consumption found that the origin of the wine was the most important variable influencing consumers' decision to purchase wine. It was particularly important for those who purchased wine by variety and more so for males than females. In a Spanish study it was found that the region of production and the vintage year are the main determinants of market price (Angulo et al, 2000). Skuras and Vakrou (2002) also suggested that there is a correlation between the region and the price of wine. This finding is supported from a broader European context where research by Skuras and Vakrou (2002), Koewn and Casey (1995) and Gluckman (1990) suggested that country of origin is a primary and implicit consideration of consumers in their decision to purchase wine, as did Tustin (2001) from an Australian perspective.

In wine marketing, packaging and labels assume undeniable influence with packaging forming an integral part of any wine's promotion and consumption (Thomas 2000). Labels provide the key recognition factor through their shape, colour, and position as well as the information offered (Jennings and Wood, 1994). Wine labels help to establish a winery's image and define brands (Fowler, 2000). Wine packaging includes the front label, back label, bottle and bottle shape, cask, package and awards. Combris et al. (1997) noted that these characteristics are significant in influencing the price and purchase of the wine. Gluckman (1986) identified that consumers perceive the wine labels as one of their primary sources of information, both for specific choices and as a means of increasing general product knowledge. At the time of purchase the label delivers key information to the consumers relating to the benefits on offer (Jennings and Wood, 1994). In particular they noted that modern innovative and distinctive labels were-
more attractive to the younger market in contrast to the older market which prefer more traditional styles of packaging. Charters et al (2000) found that the majority of wine purchasers read back labels in making their purchase decisions, identifying that the most useful aspects of the label were the simple descriptions of the tastes and smells of the wines.

Perceived risk is also a factor which affects consumers’ decision making when they are considering a product purchase. Risks include social, financial, functional and physical aspects of a product (Mitchell and Greatorex 1989). Many wine purchases involve risk-aversion (e.g. Spawton, 1991; Gluckman, 1990). Examples of these risks include functional risk, such as the taste of the wine; social risks by perhaps being embarrassed in front of family and friends; financial risk in the cost of the wine and physical risk in terms of risking a pending hangover the following morning. With the number of brands available and between-vintage variation, it means that consumers are confronted with an enormous amount of changing information which impacts on perceived risk (Speed 1998). Mitchell and Greatorex (1989) and Spawton (1991) discussed risk-reduction strategies in the purchase of wines. These include, selecting a known brand, recommendations, advice from retail assistants, undertaking wine appreciation education, pricing, packaging and labeling, getting reassurance through trials such as tasting and samples.

Price is an important cue for quality when few other cues are available (Speed 1998), when the product, cannot be evaluated, or when the perceived risk of making a wrong choice is high (Zeithaml 1988; Mitchell and Greatorex, 1989). Accumulated theoretical and empirical evidence suggests that wine prices depend on quality, reputation and objective characteristics (Oczkowski, 2001). Koeun and Casey (1995) found that pricing was extremely important in wine purchasing influences. Similarly, in a study conducted by Jenster and Jenster (1993) price was an overriding criterion in making the purchase decision among European wine consumers. Johnson et al (1991) used price as a criteria in a cluster analysis segmentation of Australian wine consumers. In the purchase of wine, price is also used to overcome perceived risk (Spawton, 1991). It has been found that the reputation of the producer and objective wine trait measures such as
the wine's year of vintage, region from which the grapes were sourced and the grape variety are significantly related to price (Combris et al., 2000, Oczkowski 2001 ). Products with high unit price are often sold through a direct company sales force because the selling cost of this "expensive" distribution method is a small part of the total sales price. Moreover, the high cost of such products is usually associated with complexity or with product features that must be explained in some detail, and this can be done most effectively by a controlled sales force.

Besides issues related to physical handling of products, distribution decisions are affected by the type of promotional activities needed to sell the product to customers. For products needing extensive salesperson-to-customer contact to the distribution options are different than for products where customers typically require no sales assistance. Retailers generate customer interest using a variety of promotional technique, yet some retailers rely on certain methods more than others as their principle promotional approach.

A distribution system is only effective if customers can obtain the product. Consequently, a key decision in setting up a channel arrangement is for the marketer to choose the approach that reaches customers in the most effective way possible (Kotler, 2001). The most important decision with regard to reaching the target market is to determine the level of distribution coverage needed to effectively meet customer's needs. Distribution coverage is measured in terms of the intensity by which the product is made available. The process for determining the right level of distribution coverage often comes down to an analysis of the benefits (e.g., more sales) versus the cost associated with it (Kotler, 2001).

If retailers are successfully to program their operations for future high yield performance and if manufacturers, wholesalers, and other marketing channel members are going to play significant roles in working with retailers to make the distribution of their products more effective and efficient, it is necessary that all parties to the process recognize emerging opportunities and impending constraints by performing environmental analyses. The environment of a distribution channel is a complex of competitive,
economic, technological, demographic, political and socio-cultural forces. Rapidly changing competitive environments are forcing distribution firms to seek more creative and flexible means for meeting competition. Many producing companies have responded to these challenges by building collaborative relationships with the distribution firms. Such collaborative relationships rely on relational forms of exchange characterized by high level of trust (Dwyer, Schurr and Oh, 1987). The high levels of trust enable parties to focus on the long term benefits of the relationships, ultimately enhancing competitiveness and reducing transaction costs (Ganeshan, 1994).

The characteristics of customers are an important influence on channel design and performance. Their number, geographical distribution, income, shopping habits, and reaction to different setting methods all vary from country to country and therefore require different channel approaches. In general, regardless of the stage of market development, the need for multiple channel intermediaries increases as the number of customers increases (Ganeshan, 1994). The converse is also true. For mass-market products bought by millions of customers, retail distribution outlets or mail-order distribution is required.

Channel strategy must recognize the characteristics of existing intermediaries. Intermediaries are in business to maximize their own profit and not that of the manufacturer. The selection of distributors and agents in a target market is a critically important task. One method of selection is to go to a particular country and talk to end users of the products you are selling and find out which distributors they prefer and why they prefer them (Kotler, 2001).

Product positioning is so fundamental to channel strategy that it naturally occurs as a basic element in channel design. If the positioning emphasized a product or service feature, then the channel chosen would have to support and perhaps enhance that position. If the positioning relates to particular user or use occasions then again the channel choice needs to be consonant. Frazier and Raymond (1991) argued that manufacturers positioning their brands as high quality have reason to pursue a highly selective distribution policy.
2.9 Measuring channel member Performance

The channel member performance audit is a periodic and comprehensive review of channel member performance. The audit may be done for one, several, or all the channel members at the wholesale and/or retail levels. It consists of three basic phases: developing criteria for measuring channel member performance; periodically evaluating the channel members' performance against the criteria to measure performance; and recommending corrective actions to reduce the number of inadequate performances (Kotler, 2002). The possible criteria for measuring channel member performance are based on the Sales performance of channel members, inventory maintained by channel members, selling capabilities of channel members, attitudes of channel members, competition faced by channel members, and general growth prospects of the channel members (Thomas, 2000).

While channel members' overall sales performances offer a general idea of their sales capabilities, many manufacturers also believe it to be worthwhile to evaluate channel members' sales capabilities more directly by appraising their salespeople. This is particularly the case for channel members at the wholesale and the retail level. If individual sales records for channel members' salespeople can be obtained, the manufacturer has an excellent source of information. These individual ratings enable the manufacturer to discern patterns of sales performance and to develop an overall sales capability rating for each channel member, which can then be used for cross comparisons among channel members. Obtaining such information, however, is often a problem because many channel members do not want to reveal or go to the trouble of providing this information to the manufacturer (Thomas, 2000).

Sales performance is unquestionably the most important and commonly used criterion for evaluating channel member performance. In examining the channel member's sales performance, the channel manager should be careful to distinguish between the sales of the manufacturer to the channel member and the channel member's sales of the manufacturer's products to the channel member's customers (Thomas, 2000). Regardless of which of these two types of sales data are used, the channel manager should evaluate sales data in terms of: the comparisons of the channel member's current sales to
historical sales. In this case of historical comparisons, the channel manager should look for both total figures and specific figures by product line if such data are available. The more detailed the data are, the better, because the higher level of detail provided in breakdowns by product lines helps the channel manager to spot changing patterns of sales for his or her product line.

Comparisons of sales among the channel members are also a critically important measure of channel member performance because it is a quite common occurrence for a small number of the channel members to account for a major portion of the sales. Cross comparisons of channel members' sales performances, made on a regular basis, help to reveal these adverse patterns more readily. Finally, if the manufacturer has set sales quotas for channel members, it should evaluate the channel member's actual sales performance in comparison with the quota. If the quota has been broken down by product lines, channel member performance for each category should also be examined (Kotler, 2001).

Maintaining an adequate level of inventory is another major indicator of channel member performance. Essentially, the manufacturer wants the channel member to live up to the inventory stocking requirements specified in the original agreement between the manufacturer and the channel member. Some of these agreements are quite formal and are manifest in a dealer or distributor contract between the manufacturer and channel members (Thomas, 2000). An individualized schedule of inventory requirements is usually worked out between the manufacturer and the channel member based on the sales potential estimated for the territory. The channel member is then expected to abide by this agreement and is evaluated accordingly. Failure by the channel member to live up to the agreement is often viewed as a serious matter by the manufacturer. However, in the absence of the formal contract, the manufacturer has less recourse to take action against channel members whose performance is inadequate in this area (Kotler, 2002). Thus, if the manufacturer puts a great deal of weight on inventory maintenance as a criterion of channel member performance, an attempt should be made to include this in a formal agreement with the prospective channel member during the selection phase of channel design (Thomas, 2000).
The importance of favorable channel member's attitude toward the manufacturer and its product line should not be underestimated as criteria that can eventually affect sales performance. However, in practice, channel member attitudes are usually not evaluated unless their sales performance is unsatisfactory. So long as distributor sales are going well, attitudes in themselves may not be closely examined on the assumption that interest and cooperation are probably at acceptable levels. It is when the performance of the distributor account falls short of that expected by the supplier that the latter is apt to start looking into attitudinal factors that may underlie the poor showing (Novich, 1990).

The channel manager should consider two types of competition when evaluating channel member performance: competition from other intermediaries and competition from other product lines carried by the manufacturer's own channel members. An evaluation of a channel member's performance relative to competition from other intermediaries in the same territory or trade area serves two purposes.

First, it helps to put the channel member's performance in perspective; that is, by seeing how a particular channel member stacks up against the competition, the other performance criteria become much more meaningful. For example, a particular channel member may have been evaluated as having done poorly on sales volume. However, if it turns out that the territory is characterized by an extraordinary level of competition, then the channel member's performance may be seen in a quite different light; it may be viewed as excellent under the circumstances. Some manufacturers, in fact, will go out of their way to provide extra support to those channel members who are faced with extraordinary competition (Kotler, 2001).

Second, comparative information can be very useful in the event that the manufacturer decides to expand coverage by adding new channel members, or if it becomes necessary to replace existing ones. While precise and detailed figures on the performance of competitors are difficult to obtain, general information and rank data can often be provided by the manufacturer's salespeople and sales management people. Often this involves simply asking the manufacturer's salespeople, territorial sales managers or other sales management personnel to list, in order of
importance, competitors of the manufacturer's channel members in particular markets (Novich, 1990).

The second type of competition involving competitive lines carried by the manufacturer's own channel members must also be evaluated very carefully. The main question to evaluate is the relative support offered by the channel member for the manufacturer's products versus the competition. If the channel member seems to be putting too much support behind the competition and too little on the manufacturer's products, this fact will usually be reflected in other performance criteria evaluated by the manufacturer-particularly sales criteria. However, there is frequently a lag between the channel member's switch to an emphasis on competitive products and the resulting lowered sales figures. By spotting this change in emphasis early, the channel manager is in a much better position to take appropriate measures before the channel member's actions are reflected in the sales figures (Novich, 1990).

This criterion focuses on the future prospects for channel member performance. In periodically evaluating most or all channel members in terms of the growth prospect, the channel manager will gain a valuable overall view of the total channel system. This will provide highly useful information for formulating realistic objectives for the coming years and particularly to project the role of the channel members in the company's future marketing strategies (Thomas, 2000).

Although the above criteria discussed are the most commonly used and provide coverage of most of the evaluation information needed by most manufacturers, several other criteria are also used in some cases. The most important of these are financial status of channel members, their character and reputation, and the quality of service offered by channel members to their customers (Novich, 1990). The financial status of channel members is normally carefully considered in the selection of channel members’ and if channel members have been paying their bills promptly, there is usually little need for further evaluation. In the face of changing economic and competitive conditions, however, a channel member's financial status can change significantly. Some manufacturers attempt to make regular reviews of their channel members' financial
positions to obtain an early warning of any possible financial deterioration that might adversely affect the manufacturer at a later date.

The character and reputation of channel members are also usually considered carefully before channel members are selected. Changes can occur over time, however, especially if there has been a change in ownership or if major changes have occurred in a channel member's operating policies. If such developments have taken place for particular channel members, it may be wise for the manufacturer to investigate whether there has been any substantial change in these channel members' reputations. This can usually be done most effectively by talking with some of the channel members' customers (Thomas, 2000).

Finally, the quality of service offered by channel members is ultimately reflected in their sales performance. If their service level is inadequate, their customers will, in the long run, seek out other suppliers. But in the short run, declines in channel members' service levels may not show up in sales performance data because the channel members' customers may not as yet have found alternative sources of supply. Thus, if it is suspected that particular channel members may be slipping in providing service to their customers, the manufacturer should investigate this problem before it shows up in decreased channel member sales performance (Novich, 1990).

2.10 Applying Performance Criteria

Having developed a set of criteria for channel member performance evaluation, the channel manager must evaluate the channel members in terms of these criteria. There are essentially three approaches that may be used: Separate performance evaluations measure channel members’ performance against one or more of the criteria. This approach is most commonly used when the number of channel members is very large (as is often the case when intensive distribution is used by the manufacturer) and when the criteria employed are limited to no more than those of sales performance, inventory maintenance, and possible selling capabilities (Thomas, 2000).
The multiple criteria approach represents a step forward from separate evaluations of performance criteria in that an attempt is made to combine the various criteria into an overall judgment about channel member performance. The combining of the various performance measures within and among each of the criteria categories is done, however, only in an informal and qualitative manner; that is, the relative importance or weights assigned to each of the performance measures are not made explicit and no formal quantitative index of overall performance is computed (Kotler, 2001). A formal rating system using multiple criteria enables the channel manager to arrive at an overall quantitative performance rating for each channel member. The channel members can then be evaluated in terms of this overall performance rating.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research design

The study design was a cross sectional survey. It was designed to capture data on the performance of KWAL distribution channels. The survey research was found appropriate as it required the collection of quantifiable information from the sample. It was also the best method for collecting original data and for describing and exploring existing phenomena.

3.2 Population of the Study

The target population was KWAL distribution outlets in Nairobi which were the supermarkets that stock KWAL products.

3.3 Sampling

Sampling units was supermarkets as distribution outlets while the managers were the respondents. There were Five key main supermarkets currently stocking and retailing Wines from KWAL. These are Chandarana, Nakumatt, Uchumi, Ukwala and Naivas. These supermarkets have chains of branches in Nairobi, with Chandarana having Two, Nakumatt Ten, Uchumi Ten, Ukwala Four and Naivas having Three. Based on the distribution of these supermarkets within Nairobi two branches of each supermarket were selected randomly to form the sample size which is ten outlets. The sample was purposively selected. This provided an efficient system of capturing the variations or heterogeneity that existed in targeted population.

3.4 Data collection

The researcher distributed the questionnaire to the identified KWAL products outlet channels, which in this case were the selected supermarkets. The respondents who were the managers in the study were given the questionnaires to fill and the questionnaires were picked later i.e. “drop and pick” method. The questionnaires were designed to collect information on performance of KWAL products in the distribution channels. The
research assistant was engaged to assist in collecting the questionnaires. This mode of data collection was convenient, cost effective and not biased. Since it was a survey research, both the structured and self administered questionnaires were used to collect the data.

3.5 Data analysis

The data collected was quantitative in nature. The data collected from the field was checked for completeness and then coded accurately. Analytical computer software (Statistical Package for Social Sciences- SPSS) was used to analyze the results of the questionnaires. The questionnaires were used to address the objectives of the study, research questions of the study.
CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction
The main objective of this study was to investigate factors influencing the distribution channel performance of Kenya wine agencies limited (KWAL) products among the supermarkets in Kenya. The analysis and findings presented in this chapter are based on data collected from primary and secondary sources. Descriptive statistics (percentages and frequencies) are used to describe the data and are presented using frequency tables and percentages. Data coding, editing and reconciliation were undertaken before any data analysis was done. This was essential to avoid using incoherent data which could lead to making wrong conclusions.

4.2 Response Rate
This research targeted a population of 10 respondents who were managers from selected outlets sought find out the gender, length of experience, level of education and age. All the respondents filled and returned the questionnaires.

Figure 4.1 Gender of the respondents

Source: Researcher, 2009
The Figure 4.1 indicates the gender of the respondents as male or female. The study sought to find out the gender of the respondents. From the findings, majority of the respondents were males as indicated by 80%. While 20% were female.

4.3 Length of years

Figure 4.2 Length of years

Source: Researcher, 2009

The Figure 4.2 indicates range of years for which the respondent had worked in their respective supermarkets as 2-4 years, 5-7 years and 8-10 years. This was as the study sought to find out the length in years the managers had worked in the supermarket. From the findings, majority of the respondents had worked in their respective supermarkets for a period of between 5 to 7 years as indicated by 60% while those who had worked for 2 to 4 years and 8 to 10 were 20% in each case. This implied that majority of the respondents had worked in their respective supermarkets for more than five years hence they had clear information on factors affecting distribution channels of the KWAL products in their respective outlets.

4.4 Level of education

Respondents were asked to state their levels of education attained in the questionnaire, and the findings were as indicated on the Figure 4.3.
The Figure 4.2 indicates the level of education of the respondents as indicated. From the findings the study established that most of the respondents 50% have attained degree level as their highest level of education. Those who had attained diploma level were 30% while the undergraduate were 10% and there was no post graduate. The data shows that all employees are above the primary level and that they could respond to the questionnaires as required. This is an indication that majority of the managers understood factors influencing the distribution channel performance of Kenya wine Agencies limited (KWAL) products among the supermarkets in Kenya.

4.5 Factor affecting performance of the KWAL product

Table 4.1: Level of income for the customers

<table>
<thead>
<tr>
<th>Level of income</th>
<th>N</th>
<th>Min</th>
<th>Min</th>
<th>Max</th>
<th>Std dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>High level income</td>
<td>10</td>
<td>1.00</td>
<td>1.40</td>
<td>3.00</td>
<td>0.70</td>
</tr>
<tr>
<td>Middle level income</td>
<td>10</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Low level income</td>
<td>10</td>
<td>2.00</td>
<td>2.50</td>
<td>3.00</td>
<td>0.53</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

Table 4.4 shows that level of income as a factor that assumed to affect sale of KWAL products as high, low and low level income. The study sought to find the factors affecting the performance of KWAL products. In particular, the study sought to find if the level of
income of their customers were affecting the performance of the KWAL products. From the findings, level of income of the respondents were found to affect the performance of the products as respondents strongly agreed as indicated by a mean of 1.4. For middle level income earners the respondents strongly agreed they affect the performance of the KWAL products as indicated by a mean of 1.00 and for the low income level ,the respondents indicated that they strongly agree they affects the performance of the product as indicated by a mean of 2.50. This implies that the level of income of the customers greatly affects the performance of the KWAL products in the market and there is a need to check on probably the pricing of the products to suit each level of customer’s income.

Table 4. 2: Restocking in the supermarkets

<table>
<thead>
<tr>
<th>Restocking</th>
<th>N</th>
<th>Min</th>
<th>Mean</th>
<th>Max</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dozen per week</td>
<td>10</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>.00</td>
</tr>
<tr>
<td>Dozen per fortnight</td>
<td>10</td>
<td>1.00</td>
<td>1.30</td>
<td>2.00</td>
<td>.48</td>
</tr>
<tr>
<td>Dozen per a month</td>
<td>10</td>
<td>1.00</td>
<td>2.00</td>
<td>5.00</td>
<td>.45</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

The table 4.5 indicates how often the respondents restock their supermarkets with KWAL per dozen in a week, a fortnight and a month. The respondents were requested how often they stock their supermarket. From the findings, the respondents strongly agreed that they restock their supermarkets with KWAL products per week as indicated by a mean of 1.0. Other respondent indicated that they restock their outlet with a dozen per fortnight as indicated by a mean of 1.30 with a standard deviation of 0.48 while a few respondents restock a dozen per a month as indicated by a mean of 2.0 with a standard deviation of 0.45. This indicate that restocking the KWAL is mostly done after a week per dozen and this could be attributed to their quality and fair prices making the supermarket to sell the products fast. It also indicated that more strategies should be adopted to ensure more dozens restocking per week as this shows how fast the products are selling in the markets.
Table 4.3: Retail of similar products from other companies

<table>
<thead>
<tr>
<th>Retail of other products</th>
<th>N</th>
<th>Min</th>
<th>Mean</th>
<th>Max</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>East African Breweries Ltd</td>
<td>10</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>.00</td>
</tr>
<tr>
<td>London Distillers Ltd</td>
<td>10</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>.00</td>
</tr>
<tr>
<td>African distillers Ltd</td>
<td>10</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>.00</td>
</tr>
<tr>
<td>Global Distillers Ltd</td>
<td>10</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>.00</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

The respondents were also requested whether they stock similar products to that of KWAL from other companies indicated in the table 4.6 that is East Africa Breweries Limited, London, African and Global Distillers Ltd. From the findings, some of the respondents strongly agreed that they do retail similar products from other company as indicated by a mean of 1.00 for products from East African Breweries ltd. Others agreed that they retail products from London distillers as indicated by a mean of 2.00. Other still agreed they retail products from Global Distillers as indicated by a mean of 1.00. This indicate that the KWAL products are facing competition in the market.

Table 4.4 Devote of shelf space from other companies products

<table>
<thead>
<tr>
<th>Product from other companies</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>East African Breweries Ltd</td>
<td>10</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>.00</td>
</tr>
<tr>
<td>London Distillers Ltd</td>
<td>10</td>
<td>1.00</td>
<td>3.00</td>
<td>2.00</td>
<td>.94</td>
</tr>
<tr>
<td>African distillers Ltd</td>
<td>10</td>
<td>1.00</td>
<td>3.00</td>
<td>1.40</td>
<td>.70</td>
</tr>
<tr>
<td>Global Distillers Ltd</td>
<td>10</td>
<td>1.00</td>
<td>3.00</td>
<td>1.40</td>
<td>.70</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

The Table 4.7 indicates companies whose products are given same shelf space as those of KWAL products. These companies are East African Breweries, London African and Global Distillers. The study sought to find out whether respondents devoted similar shelf space or floor space to products of East African Breweries, London Distillers, African and Global Distillers. From the findings, majority of the respondents strongly agreed they do for product from East African Breweries as indicated by a mean of 1.0. Others agreed
that they do so for products from African Distillers. London Distillers and Global Distillers as indicated by means of 2.0, 1.4 with a standards deviation 0.94 for African distillers and 0.70 for London and Global distillers respectively. This clearly indicates the KWAL products are facing great competition in the markets.

**Table 4.5: All KWAL products selling well**

<table>
<thead>
<tr>
<th>KWAL Products</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Papaya</td>
<td>10</td>
<td>1.00</td>
<td>4.00</td>
<td>1.80</td>
<td>1.13</td>
</tr>
<tr>
<td>Yatta red and white</td>
<td>10</td>
<td>2.00</td>
<td>3.00</td>
<td>2.60</td>
<td>.52</td>
</tr>
<tr>
<td>Hunters choice whisky</td>
<td>10</td>
<td>1.00</td>
<td>4.00</td>
<td>2.70</td>
<td>1.16</td>
</tr>
<tr>
<td>Viceroy brandy</td>
<td>10</td>
<td>2.00</td>
<td>3.00</td>
<td>2.70</td>
<td>.48</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

The table 4.8 gave the KWAL products that the respondents were retailing in their supermarket as Papaya, Yatta Red and White, Hunters Choice Whisky and Viceroy Brandy. Thus the study sought to find out whether all KWAL products were selling well. From the findings, majority of the respondents indicate the product sell well. They agreed Papaya sell well as indicated by a mean of 1.80 with a standard deviation of 1.13, Yatta Red and White indicated by a mean of 2.60 with a standard deviation of 0.51, Viceroy Brandy with a mean of 2.70 and a standard deviation of 0.48 and Hunter Choice Whisky with a mean of 2.70 with a standard deviation of 1.16. This meant that all KWAL products were selling well in the market.

**Table 4.6: Factor Affecting Business Performance**

<table>
<thead>
<tr>
<th>Factors</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>10</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>.00</td>
</tr>
<tr>
<td>Technological</td>
<td>10</td>
<td>1.00</td>
<td>3.00</td>
<td>1.80</td>
<td>.63</td>
</tr>
<tr>
<td>Social-Cultural</td>
<td>10</td>
<td>2.00</td>
<td>3.00</td>
<td>2.80</td>
<td>.42</td>
</tr>
<tr>
<td>Marketing mix share</td>
<td>10</td>
<td>2.00</td>
<td>4.00</td>
<td>2.70</td>
<td>.82</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009
The table 4.9 highlighted the factor that affects business performance as economic, technological, socio cultural and market mix share. The respondents were requested to indicate factors affect their businesses. From the findings majority of the respondents strongly agreed that economic was the main factor affecting their businesses as indicated by a mean of 1.0. Other respondents agreed that their businesses are affected by social cultural factors as indicated by a mean of 2.80 with a standard deviation of 0.42. Still other indicated that technological was affecting their businesses as indicated by a mean of 1.80 with a standard deviation of 0.63 while market mix share was yet another factor affecting respondents businesses as indicated by a mean of 2.70 with a standard deviation of 0.82. Thus this implies that factors that affects businesses are economic, technological, social cultural and market mix share due to competition.

Table 4.7: Sale and market share of KWAL group against competitors

<table>
<thead>
<tr>
<th>Sales and market share</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good quality</td>
<td>10</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>.00</td>
</tr>
<tr>
<td>Fair price</td>
<td>10</td>
<td>1.00</td>
<td>4.00</td>
<td>1.80</td>
<td>1.03</td>
</tr>
<tr>
<td>Strong company market</td>
<td>10</td>
<td>3.00</td>
<td>4.00</td>
<td>3.40</td>
<td>.52</td>
</tr>
<tr>
<td>Availability when required</td>
<td>10</td>
<td>2.00</td>
<td>3.00</td>
<td>2.80</td>
<td>.42</td>
</tr>
<tr>
<td>Origin of the brand</td>
<td>10</td>
<td>3.00</td>
<td>4.00</td>
<td>3.50</td>
<td>.53</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

Table 4.10 highlighted the features of KWAL products that were thought they were making them sell well and made respondents retail them in the market and they were good quality, fair price, strong company market, availability when required and origin of the brand. The study sought to find out the characteristic of the KWAL product that made respondents to retail and sell them over those of the competitors. From the findings the study founds out that respondents stocking and sell these products because of their good quality compared to the product of other companies as indicated by a mean of 1.00. The products were also retailed and sold through the supermarkets of the respondents due to fair price of KWAL products as indicated by a mean of 1.80 with a standard deviation of 1.03. The other characteristic for these company making respondents to retails and sell better than similar products from other companies was availability of the brand when
required as indicated by a mean of 2.80 with a standard deviation of 0.42. Other characteristics cited were strong company market and origin of the brand with means of 3.40 and 3.50 and standard deviation of 0.51 and 0.53 respectively. This implied that features that were making KWAL products to be retailed and sold compared to similar products from other companies were due to good quality, availability and fair prices. Other qualities of these products were source or where it was manufactured and the market share of the company.

4.7 Characteristic of KWAL products

Table 4. 8: Characteristics of KWAL products

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Stand. dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good quality</td>
<td>10</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>.00</td>
</tr>
<tr>
<td>Fair price</td>
<td>10</td>
<td>1.00</td>
<td>3.00</td>
<td>1.60</td>
<td>.70</td>
</tr>
<tr>
<td>Strong company market</td>
<td>10</td>
<td>3.00</td>
<td>4.00</td>
<td>3.60</td>
<td>.52</td>
</tr>
<tr>
<td>Availability when required</td>
<td>10</td>
<td>2.00</td>
<td>4.00</td>
<td>3.20</td>
<td>.79</td>
</tr>
<tr>
<td>Origin of the brand</td>
<td>10</td>
<td>1.00</td>
<td>4.00</td>
<td>2.90</td>
<td>1.20</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

The table 4.11 gave the characteristics of KWAL product that were thought enabling better performance compared to similar products from other companies as good quality, fair price, strong market, availability when required and origin of the brand. The study sought to find out the characteristic of the KWAL product that made it sell in the market.

From the findings the were respondents stocking these products because of their good quality compared to the product of other companies as indicated by a mean of 1.0. The products were also sold through the supermarkets of the respondents due to fair price of KWAL products as indicated by a mean of 1.6 with a standard deviation of 0.70. The other characteristic for this company making it to sell better than similar products from other companies was availability of the brand when required as indicated by a mean of 3.2 with a standard deviation of 0.79. Other characteristics cited were strong company market and origin of the brand with means of 3.60 and 2.90 and standard deviation of 0.52 and 1.20 respectively.
This implied that features that were making KWAL products to perform well than similar products from other companies as, good quality, availability and fair prices. Other qualities of these products were source or where it was manufactured and the market share of the company.

**Table 4. 9: Market segment**

<table>
<thead>
<tr>
<th>Market segment</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mass market</td>
<td>10</td>
<td>2.00</td>
<td>4.00</td>
<td>2.8000</td>
<td>.63246</td>
</tr>
<tr>
<td>High level income</td>
<td>10</td>
<td>1.00</td>
<td>2.00</td>
<td>1.2000</td>
<td>.42164</td>
</tr>
<tr>
<td>Middle level income</td>
<td>10</td>
<td>3.00</td>
<td>4.00</td>
<td>3.2000</td>
<td>.42164</td>
</tr>
<tr>
<td>Low level income</td>
<td>10</td>
<td>2.00</td>
<td>4.00</td>
<td>2.5000</td>
<td>.70711</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

The study also seeks to find out what market segment the KWAL serves. From the findings the respondents strongly agreed that the KWAL company serve large population as indicated by mass market with a mean of 2.8 and a standard deviation of 0.63. The respondents also agreed that low leveled income segment was being served as indicated by a mean of 2.5 with a standard deviation of 0.71. Other segment respondents fairy agreed that are served by the KWAL company were high and middle leveled income earners as indicated by means of 1.20 and 3.20 with standard deviation of 0.42 in each case. This implies that the company should emphasize on segmenting the market strategically so as to improve performance of the KWAL Company’s products in the markets and particularly segmenting on level of customers’ level of income.

**Table 4. 10: Package size**

<table>
<thead>
<tr>
<th>Packages size</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>750ml</td>
<td>10</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>.00</td>
</tr>
<tr>
<td>500ml</td>
<td>10</td>
<td>1.00</td>
<td>2.00</td>
<td>1.70</td>
<td>.48</td>
</tr>
<tr>
<td>250</td>
<td>10</td>
<td>2.00</td>
<td>3.00</td>
<td>2.40</td>
<td>.52</td>
</tr>
<tr>
<td>100ml</td>
<td>10</td>
<td>1.00</td>
<td>2.00</td>
<td>1.30</td>
<td>.48</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

The table 4.13 gave the package sizes of KWAL products as 750ml, 500ml, 250ml and 100ml. The study sought to find out whether the KWAL products sell well irrespective of
the packing size. From the findings the study found out that the respondents strongly agree the KWAL products packed in 500ml, 100ml and 250 ml sells well as indicated by a mean of 1.7, 1.3 and 2.4 in each case respectively. The respondents also agreed that the package of 750ml sell well as indicated by a mean of 2.0. This implies that product sell well when packed in different package size as different customers buy according to their level of income.

**Type of packaging material**

**Table 4.11: Type of packaging material**

<table>
<thead>
<tr>
<th>Types of packing</th>
<th>N</th>
<th>Min</th>
<th>Mean</th>
<th>Max</th>
<th>Std dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glass bottles</td>
<td>10</td>
<td>1.00</td>
<td>1.80</td>
<td>3.00</td>
<td>0.79</td>
</tr>
<tr>
<td>Plastic bottles</td>
<td>10</td>
<td>2.00</td>
<td>2.60</td>
<td>3.00</td>
<td>0.52</td>
</tr>
<tr>
<td>Polythene package</td>
<td>10</td>
<td>2.00</td>
<td>2.90</td>
<td>3.00</td>
<td>.32</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

From the table 4.14, the study sought to find out whether type of packaging material were affecting sale performance of KWAL products. Thus study also seek to find out whether packaging the KWAL products in different material influence its sale performance. From the findings the respondents strongly agreed that products packed in polythene material were selling well as indicated by a mean of 2.9 with a standard deviation of 0.32 while those packed in plastic bottles were indicated by a mean of 2.6 with a standard deviation of 0.52. The respondents agreed that those KWAL products sell in glass bottles also indicated a good performance as indicated by a means of 1.8 with a standard deviation of 0.79. This implies that products sell in polythene and plastic material were selling well and this were attributed to their packaging size which were relatively low compared to those packed in glass materials and the cost were available to customers of all income level.
Table 4.12: Opinion on Future performance of KWAL products

<table>
<thead>
<tr>
<th>Opinion on future KWAL product</th>
<th>N</th>
<th>Min</th>
<th>Mean</th>
<th>Max</th>
<th>Std. dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of KWAL products</td>
<td>10</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>.00</td>
</tr>
<tr>
<td>Profit prospects</td>
<td>10</td>
<td>1.00</td>
<td>1.80</td>
<td>2.00</td>
<td>.42</td>
</tr>
<tr>
<td>Market share</td>
<td>10</td>
<td>2.00</td>
<td>3.10</td>
<td>4.00</td>
<td>.57</td>
</tr>
<tr>
<td>Inventory level increase</td>
<td>10</td>
<td>3.00</td>
<td>3.70</td>
<td>4.00</td>
<td>.48</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

From the table 4.15 the study sought to find out the future opinion about the performance of KWAL products in terms of increase in sales, profits prospects, market share and inventory level increase. From the findings, all the respondents strongly agreed that in the future the company’s products will have an increase in sell as indicated by a mean of 1.00 and the profit prospects will be better as indicated by a mean of 1.80 with a standard deviation of 0.42. The respondents also indicated that they agree the future market share and inventory level performance of KWAL products will increase as indicated by a mean of 3.10 and 3.70 with a standard deviation of 0.57 and 0.48 in each case. This clearly indicated that the future performance of KWAL products is promising.

Figure 4.4: Extent of distribution challenges of KWAL products

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate extent</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Great extent</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td>Very Great Extent</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

From the Table 4.5 the study presented the responses on to what extent the respondents thought challenges of distribution channels affected the performance of KWAL products and were to fill it using a Likert scale of 1-Not effects at all, 2-slight Neutral.3-Moderate extent 4-great extent and 5- Very great extent .The respondents were also requested to
state the extent they that challenges of KWAL products are affecting their sale performance. From the findings, the study found out that majority of the respondents reported that the challenges affect performance to a great extent as indicated by 50%. Those who respondents that the effects is to a very great extent were indicated by 40% while those who indicated that the effects is only to a moderate extent were 10%. This clearly indicate that the effects of the challenges of KWAL product is to a great extent in their performance in the market. The implication of this is that the management of KWAL Company should finds strategies to get rid of the challenges or minimize the challenges as they are affecting the performance of the products to a great extent.

### Table 4.13: Challenges Affecting the KWAL Products Distribution

<table>
<thead>
<tr>
<th>Challenges</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition</td>
<td>10</td>
<td>4.00</td>
<td>5.00</td>
<td>4.70</td>
<td>0.48</td>
</tr>
<tr>
<td>Legal issues</td>
<td>10</td>
<td>2.00</td>
<td>4.00</td>
<td>3.30</td>
<td>0.67</td>
</tr>
<tr>
<td>Social–cultural</td>
<td>10</td>
<td>2.00</td>
<td>3.00</td>
<td>2.20</td>
<td>0.42</td>
</tr>
<tr>
<td>Economic challenges</td>
<td>10</td>
<td>4.00</td>
<td>5.00</td>
<td>4.80</td>
<td>0.42</td>
</tr>
<tr>
<td>Managerial challenges</td>
<td>10</td>
<td>2.00</td>
<td>3.00</td>
<td>2.90</td>
<td>0.31</td>
</tr>
<tr>
<td>Technological challenges</td>
<td>10</td>
<td>2.00</td>
<td>5.00</td>
<td>3.10</td>
<td>0.99</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

From Table 4.17 the study sought to find out from the respondents the challenges affecting the KWAL products distributions channels significantly. The respondents were requested to state the challenges significantly affecting KWAL products distribution channels in their supermarket. From the findings the study found that economic and competition challenges were very significant as indicated by a mean of 4.8 and 4.7 with a standard deviation of 0.42 and 0.48 in each case. Managerial challenges were also very significant as indicated by a mean of 2.9 with a standard deviation of 0.32. The challenges affecting KWAL products distribution and were significantly felt were legal issues and technological challenges with means of 3.30 and 3.10 with standards deviation of 0.67 and 0.99 respectively. Social–cultural challenges were fairly significant as indicated by a mean of 2.20 with a standard deviation of 0.42.
This implies that economic, competition and managerial challenges were very significantly affecting KWAL distribution channel in their supermarkets. The impact of legal issues, technological and social–cultural challenges were affecting the distribution of the KWAL products greatly. Thus the management of KWAL company product should find measure to eliminate the challenges affecting KWAL distribution channel so as to increase the sale performance of the products.

Table 4. 14 : Suggestion for the challenges of KWAL distribution channels

<table>
<thead>
<tr>
<th>Suggestion for the challenges</th>
<th>N</th>
<th>Min</th>
<th>max</th>
<th>Mean</th>
<th>Std dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve competitive intelligence</td>
<td>10</td>
<td>1.00</td>
<td>2.00</td>
<td>1.10</td>
<td>.32</td>
</tr>
<tr>
<td>Fair government regulation</td>
<td>10</td>
<td>1.00</td>
<td>2.00</td>
<td>1.30</td>
<td>.48</td>
</tr>
<tr>
<td>Improve public awareness</td>
<td>10</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>.00</td>
</tr>
<tr>
<td>Allocation of more resources</td>
<td>10</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>.00</td>
</tr>
<tr>
<td>Special training for managers</td>
<td>10</td>
<td>1.00</td>
<td>2.00</td>
<td>1.30</td>
<td>.48</td>
</tr>
<tr>
<td>Invest in technology</td>
<td>10</td>
<td>1.00</td>
<td>2.00</td>
<td>1.30</td>
<td>.48</td>
</tr>
</tbody>
</table>

Source: Researcher, 2009

From Table 4.18, the study sought from respondents the suggestions for the challenges facing KWAL distribution channels as highlighted in the table. The respondents were required to give suggestions on the challenges affecting KWAL distribution channels. From the finding in the table 4.18, the study found out that allocation of resources, and improve public awareness were suggested by all the respondents as indicated by a mean of 1.00. The other measures suggested were investing in technology, offering special training to the managers and seeking fair government regulations indicated by most respondents as indicated by a mean of 1.30 in each case with standard deviation of 0.48 for investing in technology, special training and seeking fair government regulation. Improving competitive intelligence were also advocated as indicated by a mean of 1.10 with a standard deviation of 0.32. This implied that improving public awareness, allocating more resources fair government regulations, investing in technology, special training for managers and improve competitive intelligence were critical suggestion to challenges affecting KWAL distribution channels to improve performance of its products.
CHAPTER FIVE: SUMMARY, CONCLUSION 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 obtain responses factors influencing the distribution channel performance of Kenya Wine Agencies Limited (KWAL) products among the supermarkets in Kenya.

Most people are always employed to work in distribution channels either within the company or in the outlet shops like the supermarkets. Thus human capital is critical in distribution of any product including the wine industry products which the study is dealing with. Majority of the respondents in this study were males but also the number of females was significant as they were all in a position of addressing issues affecting distribution channels of KWAL products.

Factors that affects distribution channels for the wine products for example KWAL products could not be experience over a short period of time. In this regards, the study sought to find out the length in years the mangers had worked in the supermarket. From the findings, majority of the respondents had worked in their respective supermarkets for a period of 5 to 10. It is clear they had clear information on factors affecting distribution channels of the KWAL products in their respective outlets and were in a position to offer the best suggestion remedies on how to solve the challenges facing the KWAL Company.

5.2 Level of education

The level of education is yet another factor that could determine the dissemination of information affecting distribution of the KWAL Company’s products channels. Majority of the respondents in this study were graduate and graduate and others diploma holders while a few were undergraduate. The data shows that all employees are above the secondary level and that they could respond to the questionnaires as required. This is an indication that majority of the managers understood and analyses factors influencing the distribution channel performance of Kenya wine agencies limited (KWAL) products among the supermarkets in Kenya in a more logical view.
5.3 Factor affecting performance of the KWAL products

5.3.1 Level of income for customers
Level of income greatly affects the purchasing power of the customers of a particular product. The study sought to find the factors affecting the performance of KWAL products. In particular, the levels of income of their customers were found to be affecting the performance of the distribution channels of KWAL products. From the findings, levels of income of the respondents were found to affect the performance of the products as respondents strongly agreed. This implies that the level of income of the customers greatly affects the performance of the KWAL products in the market and there is a need to check on probably the pricing of the products to suit each level of customer’s income.

5.3.2 Restocking in the retails
The rate at which the supermarket restocked their outlet will at one point indicate the selling performance of the product in the market and subsequently the performance of the channels of distributions of the company. The respondents were requested how often they restock their supermarket with KWAL products. From the findings, the respondents strongly agreed that they restock their supermarkets with KWAL products per week although there were others who indicated that they restock in a fortnight and others ones per month. This indicate that restocking the KWAL products was not stable across the outlet indicating that there were challenges hindering sales performance of these products. The study found out that the respondents were retailing similar products to that of KWAL and were devoting same shelf space or floor space. This indicates that the KWAL products such as Papaya, Yatta Red and White, Viceroy Branding and Hunters Whisky are facing competition in the market though they may be doing well. By respondents devoting floor space to That of KWAL products clearly indicates the channel of distribution of KWAL products facing great competition in the markets from other companies like East African Breweries Ltd, London, African and Global distillers Ltd.
5.4 Factor Affecting Business Performance

Business performance faces challenges in the course of their operations. These factors affect their performance by reducing it to a certain level. The respondents were requested which factors affect their businesses. From the findings majority of the respondents strongly agreed that economic, social cultural factors, technological and striving to gain market mix share. Thus this implies that factors that affect distribution channels for the KWAL products were similar to those of the supermarket businesses and are economic, technological, social cultural and market mix share due to competition.

5.4.1 Sale and market share of KWAL group

Products of certain companies perform better in the market due to their uniqueness in features. The study sought to find out the characteristic of the KWAL product that made respondents to retail and sell them over those of the competitors. From the findings the study founds out that respondents stocking and sell these products because of their good quality compared to the product of other companies, due to fair price of KWAL products, availability of the brand when required and strong company market and origin of the brand. This implied that features that were making KWAL products distributions channel to do well were good quality, availability and fair prices and the management of the KWAL should enhance these feature to improve performance of its distribution channels.

5.4.2 Market segment

Market segmentation is yet another strategy a company may employ to ensure it increases its efficiency of its distributing channel. This can be done by considering the income level of customers, social cultural background, age, gender and population mix in a given area and many others. The study also seek to find out what market segment the KWAL serves in it aim to establish the performance of the company’s distributing channels. From the findings the respondents strongly agreed that the KWAL company serve large population as indicated by mass market, income level and package size. This implies that the KWAL company should emphasize on segmenting the market strategically so as to improve performance its distribution channels so as it products compete well in the markets and particularly segmenting on level of customers level of income as this depict
the purchasing power of the respondents.

5.4.3 Package size
The study sought to find out whether the KWAL products sell well irrespective of the packing size. Packaging products in different size ensure all customers of different income level are catered for. This implies that product sell well when packed in different package size as different customers buy according to their level of income.

Packaging material was also considered as an issue that could improve performance of the company products. From the study, KWAL products sell in polythene and plastic material were selling well and this were attributed to their packaging size which were relatively low compared to those packed in glass materials and the prices were favorable to most KWAL products customers.

5.4.5 Future opinion about the performance of KWAL products
Future performance of the company’s distribution channels are view in the face of performing well. The respondents were requested to give their future opinion about the performance of KWAL products. From the findings, all the respondents strongly agreed that in the future the company’s products will have an increase in sell and the profit prospects will be better. The respondents also indicated that the future market share and inventory level performance of KWAL products will increase. This clearly indicated that the future performance of KWAL distribution channels were to improve but probably after working out means of overcoming various challenges that is facing currently.

5.6 Challenges Affecting the KWAL Products Distribution Channels
The study sought to find out extent they that challenges of KWAL products are affecting their sale performance and it was found out that challenges affecting distribution performance were felt to a great extent. The management of KWAL Company should adopt strategies to get rid of the challenges or minimize the challenges as to increase it performance of its distribution channels hence better sale performance in the market. The respondents were requested to state the challenges affecting KWAL products distribution channel in their supermarket. Factors cited as significantly affecting
distribution channels were economic and competition, Managerial challenges, legal issues and technological challenges. Social –cultural challenges was fairly significant as indicated. The study found out that economic and competition from rival companies as the major challenges affecting the performance of distributing channel of KWAL products. This implied that even though there many factors affecting performance of the business, they do so but at varying degree of significant.

5.7 Suggestion for the challenges of KWAL distribution channels

Business managers will not rest in search of solutions to many of their businesses challenges. Different suggestions are given for solving each and every challenge to the firm and when adopted, business performance improves. From this, the respondents were required to give suggestions the challenges affecting KWAL distribution channels. From the finding, allocation of resources and improve public awareness were suggested to be the best solution to the challenge facing KWAL distribution channels. The other measures suggested were investing in technology, offering special training to the managers and seeking fair government regulations of which when these could be adopted as solution to the challenges, better performance could be achieved.

5.8 Conclusions

The study concludes that challenges of distribution channels for KWAL products affects sale performance. Thus management of KWAL Company should adopt strategies to get rid of the challenges or minimize the challenges so as to increase performance of its distribution channels hence better sale performance in the market.

The study also concludes that factors significantly affecting KWAL distribution channels were economic and competition. Others like Managerial challenges, legal issues and technological and social –cultural challenges were fairly significant. Thus economic and competition from rival companies were major challenges affecting the performance of distributing channel of KWAL products in supermarkets outlets in Kenya.

The study also concludes that level of income of KWAL products is yet another factor affecting performance of distribution channels for KWAL products. This is due to the
fact that with high income the purchasing power of the customers is high and the sale performance of KWAL products will increase improving the company distribution channel performance and the reverse is true.

The study also concludes that though there may be existing various challenges to the business, there exists various solutions to the challenges that when adopted the performance of the business will improve. The study concludes that the suggested solutions to challenges in the study were allocation of resources and improve public awareness. Others suggested measures were investing in technology, offering special training to the managers and seeking fair government regulations.

5.9 Recommendations

From the findings and recommendations, the study recommends that factors that greatly affect performance of distribution channels of KWAL products in supermarkets were economic factors and poor public awareness. They were found to affect the performance of these distributing channels to a great extent and their impact very significantly felt.

The study also recommends, that KWAL company should segment its market as segmentation could easily influence the performance of it distribution channel in supermarket in Kenya. This could be in terms of level of customer income, packaging size, population age, gender and product type. This will ensure the market is covered and more sales are made leading to improve performance of distributing channels of KWAL products through supermarkets in Kenya.

The study also recommends allocation of more resources and improving public awareness as solution the to the challenges as allocation of more resources will ensure quality KWAL products are offered, managers are trained, better technology are applied in manufacturing of the products and offering the product at a low price. Together with the improved public awareness which will make the market know of the KWAL products existence, the product performance in the distribution channels will improve.
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APPENDICES

Appendix I: Questionnaire

A STUDY ON FACTORS INFLUENCING THE DISTRIBUTION CHANNEL PERFORMANCE OF KENYA WINE AGENCIES LIMITED (KWAL) PRODUCTS AMONG THE SUPERMARKETS IN KENYA

Code No.

Date:

SECTION A: GENERAL INFORMATION

Name of the outlet...........................................................................................................................

What is your gender?

Male [   ]

Female [   ]

How many years have you worked for the company?

1 yr and Below [   ]

2- 4 yrs [   ]

5- 7 yrs [   ]

8- 10 yrs [   ]

Above 10 years [   ]

What is your level of education? (Tick where appropriate)

Post graduate [   ]
SECTION B: Factors affecting performance of KWAL brands

I) Most of my customers come from the following income levels?

<table>
<thead>
<tr>
<th>Income Level</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-level income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
II) I often restock KWAL products in my retail according to the following scale? 1. Strongly agree 2. Agree 3. Fairly agree 4. Disagree 5. Strongly disagree (Tick Appropriately)

<table>
<thead>
<tr>
<th>Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dozen per week</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dozen per fortnight</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dozen per month</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

III) I retail other products from the following companies whose sales are better than KWAL products?

<table>
<thead>
<tr>
<th>Company</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>East African Breweries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>London Distillers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa Distillers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Beverages Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
IV) Do you devote similar shelf space or floor space to KWAL products compared to products of the following companies?

<table>
<thead>
<tr>
<th>Products</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>East African Breweries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>London Distillers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa Distillers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Beverages Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

V) All KWAL products including the following sell well in my store?

<table>
<thead>
<tr>
<th>Products</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Papaya</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yatta Red and White</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hunters Choice Whisky</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Viceroy Brandy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
VI) The following factors affect the performance of my business?
(Tick Appropriately)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technological environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Socio-cultural variables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing mix elements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION C: Sales, Market share of KWAL products vis-à-vis Competitors

VII) We retail and sell KWAL products because of the following characteristics?


<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair price</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strong marketing campaigns</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Availability when required</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Origin of the Brand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

VIII) We retail KWAL products because of the following characteristics as compared to similar products from other companies?


<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair customer price</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Good profits
Availability when required
Strong marketing campaigns
Origin of the Brand

IX) Do KWAL products serve the following market segments?
(Tick Appropriately)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mass Market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High level Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle level Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower level Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
X) All KWAL products irrespective of the following Package sizes sell well?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>750ml</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>500ml</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>250ml</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100ml</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

XI) All KWAL products irrespective of the following type of Package material sell well?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glass Bottle</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plastic Bottle</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polythene Package</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
XII) According to your own opinion, what prospects as indicated in the table below best describe KWAL products in your retail in the next five years?


<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of sales of KWAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit prospects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory level</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

SECTION D: CHALLENGES FACING KWAL PRODUCTS PERFORMANCE IN SUPERMARKETS

XIII) To what extent do distribution challenges affect KWAL products performance in your supermarket?

- Not at all [ ]
- Little extent [ ]
- Moderate extent [ ]
- Great extent [ ]
- Very great extent [ ]

XIV) How do the following challenges affect KWAL products distribution channel in your supermarket? Rate them in the scale of 1-5 where 1- Not significant, 2- somewhat significant, 3- Moderately significant, 4- Significant, and 5- Very significant.
Challenges | 1 | 2 | 3 | 4 | 5
--- | --- | --- | --- | --- | ---
Competition
Legal issues
Social and cultural issues
Economic challenges
Managerial challenges
Technological challenge

XV) What would you suggest should be done to address the challenges in (XIV) above?

- Improve competitive intelligence department [ ]
- Fair government regulations [ ]
- Improve public awareness through promotions and advertisements [ ]
- Allocate more resources to deal with emerging challenges [ ]
- Special training for the managers [ ]
- Invest in technology [ ]
Appendix II: Sample population list

A) UCHUMI SUPERMARKETS LTD

**Hypers**
Sarit Hyper
Ngong Hyper
Langata Hyper
Mombasa Hyper

**Super Markets**
City Square
Westlands
Koinange
Ngong Rd (Adams Archade)
Nairobi West
Buruburu
Ronald Ngala

B) NAKUMATT BRANCHES
Mega
Ukay
Lifestyle
Village
Embakasi
Highridge
Ngong Rd
Juction
Karen
Westgate
Express

C) CHANDARANA
Muthaiga
Yaya

D) UKWALA
Kahawa Sukari
Bus station
Tom Mboya
Ronald Ngala
Hakati

E) NAIVAS
Kayole
Ronald Ngala
Kasarani