SELECTIVE DISTRIBUTION STRATEGY AND COMPETITIVE ADVANTAGE OF FAST MOVING CONSUMER GOODS COMPANIES IN KISUMU COUNTY

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DECLARATION

Declaration by Student

This research project is my original work and has not been presented for an award of a degree in this or any other University

Signature…………………………….. Date………………………………

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D61/84226/2015

Declaration by Supervisor

The research project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

This work is dedicated to my parents Vincent and Mary. My siblings, Winfrida, Rachael, Daisy, Florence and Peter. My friend Luke Charana.

TABLE OF CONTENTS

DECLARATION .... **ii**

ACKNOWLEDGEMENT .... **iii**

DEDICATION .... **iv**

LIST OF TABLES .... **vii**

LIST OF FIGURES .... **viii**

ABBREVIATIONS AND ACRONYMS .... **ix**

ABSTRACT .... **x**

CHAPTER ONE: INTRODUCTION **1**

1.1 Background of the Study 1
1.1.1 Selective Distribution Strategy 2
1.1.2. Competitive Advantage 3
1.1.3. Fast Moving Consumer Goods Industry in Kenya 4
1.1.4 Fast Moving Consumer Goods Industry in Kisumu County 5
1.2 Research Problem 7
1.3 Research Objective 9
1.4 Value of the Study 10

CHAPTER TWO: LITERATURE REVIEW **11**

2.1 Introduction 11
2.2 Theoretical Foundation 11
2.2.1 Signalling Theory 12
2.2.2. Economic Distribution Channel Theory 13
2.2.3 Marketing Theory 14
2.3. Determinants of Selective Distribution Strategy 15
2.4 Empirical Studies and Knowledge Gaps 16

CHAPTER THREE: RESEARCH METHODOLOGY **22**

3.1 Research Design 22
3.2 Population of the Study 22
3.3 Sampling Frame 24
3.4 Data Collection 24
3.5 Data Analysis 25

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION........................26

4.1 Introduction 26

4.2 Responses Rate..26

4.3 Demographic Information 27

4.3.1 Gender of Respondents 27

4.3.2 Age of Respondents 28

4.3.3 Education Level of Respondents..29

4.3.4. Working Experience of Respondents..30

4.3.5. FMCG Category...31

4.4 Determinants of Selective Distribution Strategy..32

4.5 Benefits of Adoption of Selective Distribution Strategy in the FMCG 36

4.6 Challenges of Adoption of Selective Distribution Strategy in the FMCG...38

4.7 Sustainable Competitive Advantage 41

4.8 Selective Distribution Strategy and Competitive Advantage 43

4.9 Discussion of the Findings 44

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS 47

5.1 Introduction 47

5.2 Summary 47

5.3 Conclusion..48

5.4 Recommendations 49

5.5 Limitations of the Study...50

5.6 Areas for Further Research 51

REFERENCES...52

APPENDICES...56

Appendix I: Introduction Letter to Respondents...56

Appendix II: Research Questionnaire 57

Appendix III: Plagiarism Report..61

LIST OF TABLES

Table 3.2 : Population of the study…… 23

Table 4.2: Response Rate 27

Table 4.3: Determinants of selective distribution strategy in the FMCG 33

Table 4.4: Benefits of Adoption of Selective Distribution Strategy 37

Table 4.5: Challenges for the Implementation of Selective Distribution Strategy 39

Table 4.6: Descriptive statistics for Competitive Advantage......................................44

LIST OF FIGURES

Figure 4.1: Gender of Respondents**..28**

Figure 4.2: Age of Respondents**...29**

Figure 4.3: Level of Education of the Respondents**...30**

Figure 4.4: Working Experience of the Respondents **..31**

Figure 4.5: Category of FMCG**...32**

ABBREVIATIONS AND ACRONYMS

GDP	Gross Domestic Product
MBO	Management of Objectives
ICT	Information Communication Technology
PPPs	Public –Private Partnerships
RoK	Republic of Kenya
SPSS	Statistical Package for Social Science
ToC	Theory of Change
UNCTAD	United Nations Development Programme

ABSTRACT

To survive in the competitive marketing environment, fast moving consumer goods manufacturing firms need to adopt selective distribution strategy so as to attract and retain customer thus long term relationships and growth with regard to competitiveness. Increased revenue, increased client-base and customer loyalty are measures of competitive advantage of any organization in the competitive market. The study was built on the signalling theory, Economic distribution Theory, Market theory. The study utilized 40 Fast Moving Consumer Goods Manufacturing firms in Kisumu County, Kenya. Data was collected with the aid of structured questionnaires from selected key informants in the organisations. Similarly; published articles such as journals, magazines, reports and periodicals were used to collect secondary data. The reliability and validity of the data collection instruments was established by undertaking a pilot study. Both qualitative and quantitative techniques were employed for the analysis of the collected data. Quantitative method involved the use descriptive analysis such as frequencies, percentages which were presented in form of tables. Data from questionnaire was coded in the computer with the aid of Statistical Package for Social Science. The study concluded that perishability of product, size and weight of the products, the technical nature of products, after sales service, number of consumers, expansion of consumers and the size of order and objectives of the purchase determine the choice of the selective distribution strategy. The study concludes that level of production; financial resources, managerial competence and experience the attitude of society towards middlemen or agents and the freedom of altering (middlemen and agents) determine the choice of the selective distribution strategy.The study concluded that meeting customers' needs, service cost to customers is lower than other distribution strategies, level of trust with the customers, legal and technical security challenges and firm for generation, dissemination and response to market changes faster are some of the benefits of adoption of selective distribution strategy. The study concluded that lack of management support, high implementation cost, lack of adequate funds, lack of proper communication, complexity of customer needs and lack of policies, processes and procedure to support implementation of strategy was a challenge for the implementation of selective distribution strategy.The study recommends for consideration of the product related factors to enhance selective distribution strategy such as the size and weight of the products, the technical nature of products, after sales service determine, number of consumers, expansion of consumers and the size of order and objectives of the purchase determine the choice of the selective distribution strategy. The other factors related to the producers such as the level of production, financial resources, managerial competence and experience determine the choice of the selective distribution strategy. There is need to have adequate management support for the implementation of selective distribution strategy. The study further recommends for the consideration of implementation cost, adequate funds, proper communication, clear policies, processes and procedure to support implementation of selective strategy to enhance competitive advantage of the FMCG companies in Kisumu County, Kenya

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Due to environmental complexity, globalization, competition and influence of technology and changing consumer need and wants, global and local fast moving consumer good firms have been necessitated to adopt appropriate distribution strategies for effective position, targeting and segmenting markets to gain sustainable competitive advantage (Shustermann, 2013).

Distribution strategy demonstrates the channels used by an organization to reach its consumers. Selecting a distribution strategy is a direct way used by firms to gain competitive advantage in the market (Wanjohi, 2017). Selective distribution is the sale of products across a given geographical area using limited number of outlets. This helps firms to focus on a few outlets as opposed to subjecting it to many unviable ones. It allows the organization to develop good working relationships with other members of the channel and gain more market control and coverage at a lesser cost compared to intensive distribution. This alternative is common among both new and existing firms (Amara, 2015).

This study was based on three theories. The first was the economic distribution channel theory which states that the most suitable distribution system is established by determining the consumers' needs with respect to service outcomes from the distribution system, the price the consumers are willing to pay for a specific level of service, the mode of service provision and the alternative distribution strategies' costs (Stern, 2006).

The second was the signalling theory which argues that the agent is obliged to deliver some information regarding itself to another party referred to as the principle (Kenya and Amara, 2012). The third was the market theory which purports that the prices of assets depict all the available information (Ojwang, 2014).

Increased competitive pressure in the present global business environment has compelled FMCG firms in Kenya to leverage on their core competencies and fully outsource business activities that are deemed as non-core. Currently, in an era of reduced life–cycles, rapidly changing technological advancements, shifting distribution chains, proliferation of product lines an understanding of distribution chains has become a vital component for firms to gain competitive advantage. In the Kenya, and now increasingly in the Kisumu County, almost every one’s life is touched by FMCG.

The FMCG industry in Kisumu is volume driven and leverages on low margins. Their products are fully branded and supported with marketing, heavy advertisement, distribution networks and slick packaging. There has been increasing competition among FMCG manufacturers leading to more investments in FMCG industry, especially in Kisumu where FMCG sector is estimated to have grown to 60% by 2010, Oluoch, (2007).

1.1.1 Selective Distribution Strategy

Selective distribution strategy is a strategic initiative taken by manufacturers in the development of holistic linkages between themselves and transportation firms to facilitate alignment of incentives, effective communication and synchronization of decisions so as to improve the performance of the distribution service and improve its competitiveness in the global market (Ojwang, 2014).

A selective channel structure is a collection of individuals interacting within different organizational contexts. The triumph of the selective distribution strategy and the support structures depend on the level of interactions among individuals within an organization in undertaking their tasks (Barney, 2011). The numbers of possible intermediaries at a particular level are closely chosen (Leroy, 2015).

The selective distribution is one of the four components of marketing (Masiga, 2016). Developing successful selective distribution strategy in the current highly competitive environment is highly dynamic. Market deregulation and globalization made competition more intense and motivated manufacturers to re-think about their current selective distribution strategies and identify the inherent impediments of these strategies as well as their inability to address current opportunities and challenges. (Barney, 2012). This explains as to why the study investigated the impact of selective distribution strategy on competitive advantage of selected fast moving consumer goods companies in Kisumu County, Kenya.

1.1.2. Competitive Advantage

According to Shustermann (2013), competitive advantage is described as anything which favourably distinguishes a firm, its services or products, from those of other competing firms before its customers such that the customer decides to purchase one product or service over the other. However, taking up the notion of economic distribution channel theory, it states that the “ideal” distribution system, it is purported that it isn’t distribution strategies that confers competitive advantage, but the distribution strategies’ capabilities, which emerge due to the ability to manipulate them, and are the basis for the implementation of the value creating strategy which earns the firms competitive advantage (Porter, 2011)

According to Adimo and Osodo (2014), a firm gains competitive advantage over its rivals by offering greater value to customers, either through pricing or by providing more benefits and services exhibits the same. Ntale and Ayebale (2016) defines competitive advantage as any organizational asset, practice or resource that could be created, used or sustained to improve the competitive position of the organization.

Ojwang (2014) considers competitive advantage as a prerequisite for every organization to attain competitive advantage. Possessing competitive advantage basically means possessing higher efficiency or convenience in delivery, higher product attractiveness, higher functional quality of services and products, higher reliability, speed, easily marketable and cheaper for the consumer. According to Masiga (2016) competitive advantage is the capability of the organization to perform in different ways that the competitors find hard to emulate now and in the future.

1.1.3. Fast Moving Consumer Goods Industry in Kenya

Wanjohi (2017) define fast moving consumer good industry (FMCG) as an industry where low involvement and convenient products such as food, beverage, personal hygiene and household cleaning utensils are traded. The products sell very quickly, are relatively affordable, have low margins but due to the relatively high turnover on volumes, cumulative profits are normally high. Fast moving consumer goods industry is characterized by firms which supply low-cost products that are in constant high demand (KPMG, 2015). These goods can further be divided into food and personal hygiene and require extensive distribution networks due to their high turnover (Kinyua, 2007). While some FMCG companies only concentrate on either food or personal hygiene, some manufacture and market products for other companies.

Nestle Foods; Coca Cola and Pepsi Cola only sell food products while others like Reckit and Benckser and Colgate Palmolive only sell personal hygiene products. Unilever (K) Ltd. is an example of a company that manufactures and sells both food and personal hygiene products while some companies like Haco Tiger Ltd manufacturer and sell personal hygiene products but markets food products for a company in South Africa (Kenya Association of manufacturers, 2014).

According to KPMG (2015) the total household expenditure on fast moving consumer goods in 2010 was $ 240 billion for a sample of 39 African countries. The leading in terms of revenue from the top to the bottom are Nigeria, South Africa, Morocco, Ethiopia, Kenya, DRC, Ivory Coast and Tanzania. The total market share for fast moving consumer goods industry for the consumers earning less than $3 per day was 59% on the total consumption. Consequently, the FMCG companies need to target and come up with new products that will appeal to this ever- increasing population.

1.1.4 Fast Moving Consumer Goods Industry in Kisumu County

Fast Moving Consumer Goods (FMCG) firms in Kisumu County are involved in the products that are quickly sold due to their relatively lower costs (www.kpmg.co.ke). Despite the FMCG products attracting relatively lower absolute profits, they generally sell in huge quantities and thus higher and thus gain cumulative profit. FMCG in Kisumu constitute various frequently bought consumer products such as soap, cosmetics, toiletries, teeth cleaning products, shaving products, detergents among other non-durables such as light bulbs, batteries, glassware, paper products and plastic goods (www.kpmg.co.ke). In Kisumu County, the FMCG also includes consumer electronics, pharmaceuticals, packaged drinks and food products.

The FMCG products in Kisumu County are basically replaced or fully utilised over a short span of time, normally a few days, weeks or month but within a one year time frame. This varies with the case of durable goods or distinct appliances for instance kitchen appliances which are replaced once in a long time frame. Despite the efforts of increasing the volume of sales by FMCG firms, challenges like competition, influence of technology, change of customer needs and wants and globalization has necessitated FMCG firms to change their distribution strategies to survive in the turbulent business environment (www.kpmg.co.ke).

In the recent past, the MFCG sector in Kisumu has experienced a tremendous growth; with both quantitative and qualitative growth taking place in the customer durables sector. In Multiple players in the market deal with FMCG with an objective of generating profits from various markets. Products produced by large and small firms in the region play a major role in the region economy through levies charged by the county and national government(www.kpmg.co.ke).

According to KIPPRA (2016) statistics, FMCG firms in Kisumu have contributed to economic growth by 5% and created employment by 12%. Therefore, it can be observed that FMCG firms are key components of the region economy given the opportunity to grow through promoting their products in the local and global markets. The appropriate distribution strategies applied by FMCG firms determines the growth and success of the firms in the changing competitive industry (www.kpmg.co.ke.). Based on this preposition, the study sought to examine the influence of selective distribution strategy on competitive advantage of selected fast moving consumer goods companies in Kisumu County, Kenya.

1.2 Research Problem

To thrive in the competitive marketing environment, fast moving consumer goods firms need to adopt selective distribution strategy so as to attract and retain customers thus establishing long term associations and growth with respect to competitiveness (Leroy, 2016). Increased revenue, customer loyalty and increased client-base are the competitive advantage measures of any firm in the competitive market (Zur and Marquardt 2014).

Most of FMCG firms marketing literatures have focussed on marketing theory, than distribution strategies. Sadly, distribution issues are becoming more sophisticated as competition of fast moving good intensifies worldwide (Ojwang, 2014). In the Kenya, and now increasingly in the Kisumu County, almost every one's life is touched by FMCG. The FMCG industry in Kisumu is volume driven and leverages on low margins. The products are fully branded and supported with marketing, heavy advertisement, distribution networks and slick packaging.

There has been increasing competition among FMCG manufacturers leading to more investments in FMCG industry, especially in Kisumu where FMCG sector is estimated to have grown to 60% by 2010, Oluoch, (2007).There is need to appreciate that distribution strategies adopted by organizations in the local and international markets strategies help organizations to adjust in the dynamic and competitive business environment.

Ramendra (2006) study was to improve the understanding of the effect of conflicts in distribution channel on the efficiency of channels in India, which has been narrowly studied in distribution channel literature. The study adopted the regression analysis approach for data analysis. From a behavioural science perspective, the study channels conflict efficiency relationship for the three different forms of conflict resolution methods bargaining, problem solving and politics.

Kwansontoro, Rosli and Kader (2012) sought to investigate the impact of distribution channel innovations and efficiency on performance of SMEs in Indonesia. The study applied regression analysis on the samples collected from agricultural export oriented in the special. Chen (2010) sought to explore the impact of distribution systems and customer loyalty on performance of the firm in Taiwan. The study adopted the ANOVA technique to analyze data. Profitability and efficiency scores were employed as the performance proxies.

Locally in Kenya, Ndungu (2012) investigated the role of distribution strategies as a tool used by Kenyan Commercial banks to attain competitive advantage. A case study research design through use of interview guide was adopted for the study. Data was analyzed using content analysis. Kalubanga, Tumwebez and Kakwezi (2012) explored how firm performance is influenced by multi-channel distribution operations in Kenya. A cross-sectional survey entailing both the quantitative and qualitative research designs was adopted. Data was analysed using the Ordinary Least Squares technique. Scientific approaches were used to select the sample from both the junior and senior staff involved in sales and distribution, and both retail and wholesale distribution agents.

Mwanza and Ingari (2015) sought to determine the strategic role of distribution as a way to attain a competitive edge by fast-moving consumer goods firms in Kenya. A descriptive research was employed for the study. Regression analysis was performed using the SPSS software to establish the association between the variables of the study. The results revealed that having effective distribution channels was of gaining competitive advantage.

Odero (2015) sought to investigate the impact of distributors on performance of manufacturers of fast moving consumer goods in Kenya. The descriptive research design was employed for the study. The population of interest was FMCGs manufacturers in located in Nairobi City County Nairobi Kenya. Inferential statistics such as regression and correlation analysis was used to examine the association between the study variables. From the foregoing, it is clear that, many aspects on the impact of distribution strategies on competitive advantage of FMCG firms that have not been explored by past studies. It is on this basis that this study sought to answer the following research question. Will selective distribution strategy influence competitive advantage in fast moving consumer goods companies in Kisumu, Kenya?

1.3 Research Objective

The study's objective was to examine the influence of selective distribution strategy on competitive advantage in fast moving consumer goods companies in Kisumu County, Kenya.

1.4 Value of the Study

The study's findings were useful to scholars and researchers as they will make contributions to the body of knowledge in the field of competitive advantage of fast moving consumer goods in companies. The study would add to the body of knowledge by reviewing the relevant theories. The exploration of the linkage between signalling theory, Economic distribution channel theory and market theory in FMCGs firms in developing countries provides not only significant contribution to the literature but also enables managers to employ the right distribution strategies for their firms to compete in the fast changing business environment.

The study assisted the management of FMCG goods to evaluate the effectiveness of the selective distribution strategy on their products and services. Thus they would be able to identify gaps in their choices leading to better strategic responses. It would also be useful to the shareholders of the fast moving consumer goods companies in examining the firm distribution strategies' effectiveness as they adjust to financial market that are becoming increasingly competitive locally. The distribution strategies adopted by the fast moving consumer goods companies could also be used by other organisations to improve their performance.

The study would also be fundamental to the government and other policy making units in the formulation policy decisions that will help to mitigate the barriers encountered in fast moving consumer goods' distribution which accelerates the rate of competitive advantage of fast moving consumer goods firms while taking advantage of the improved economy.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

This section examines the empirical and theoretical literature covering the impact of selective distribution strategy and competitive advantage of fast moving consumer goods companies in Kenya. The research states the various theories supporting the variables.

The chapter also gives an in-depth background of the topic being studied; the empirical studies carried out in the area of research, analyse the existing literature, research gaps and summary.

This chapter starts by highlighting the key theories to guide the study. The theories include the Signalling Theory, Efficient Market Theory and Economic Distribution Channel Theory. The empirical studies in regard to the study variables have been highlighted for clear understanding of the research problem.

2.2. Theoretical Foundation

The development of successful strategies in distribution in the current highly competitive environment is a huge task. Market deregulation and globalization has increased competitiveness and prompted the manufacturers to relook into the distribution channel strategies in use and evaluate the strategies being utilized as well as their inability to solve the current opportunities and challenges (Stern and Sturdivant, 2006). The study was anchored on the signalling theory, Economic distribution theory and marketing theory.

2.2.1 Signalling Theory

Signalling theory was propounded by Copeland and Brennan in 1988. The principle of the model is to illustrate how information was employed as tool for conveying information from managers to the stakeholders. This theory states that process involves two parties, the sender and the receiver (Kenya and Amara, 2012). Kamwenji (2014), states that the competitive environments are subject of signalling. Usually the interests of the sender and the receiver often contradict. Very often the prey and predators, resulting to fierce and avert competition.

In this context, the potential prey communicates to predators that hunting them might prove a challenge since they could easily fight back and are too poisonous. If potential rivals have varying strengths, then the stronger one is likely to dominate. Therefore, the scenario whereby one may lose is totally avoided since it might be costly to all of them. Competition is suitable if the signalling is between agreeable acquaintances (Leroy, 2017).

However, it should be noted that the signalling theory is basically concerned with what keeps the signal reliable. The signal's reliability depends on its ability to deliver the anticipated outcomes. Costs linked with reliability spur from production costs and punishment advanced to those caught cheating (Mulky, 2017). The theory was applicable for the study since it explains the nature and level of competition for market share in the Kenyan cement industry. The model is therefore useful in explaining how selective distribution strategy influence competitive advantage of a through information interchange between FMCG companies and the relevant distribution network stakeholders.

2.2.2. Economic Distribution Channel Theory

The Economic Distribution Channel theory posits that the most suitable distribution system is one that is established through exploration of that which the customer wants in relation to service outputs from distribution channels, the amount of money they're willing to pay for a certain level of service, the manner in which the provision of services will done as well as the cost of alternative channels of distribution (Stern et al., 2006).

In light of this it is argued that the distribution system that meets the wants of the customer in the most efficient way can be established. The distribution channel strategy that the company adopts has to take the customer's view and analyze the output from the commercial part of the varying distribution channels and associates it to the costs and benefits of the customer from the varying service output levels which distribution channels available offer (Cohen et al., 2013).

According to this theory, the distribution system that meets the wants of the customer in the most efficient manner has to be established. Therefore, an economic distribution channel model places the customer's view first, it does an analysis of the output from the commercial perspective of different distribution networks and associates it to the benefits and costs of the consumer from the varying service output levels that the distribution channels available offer (Leroy, 2017).

2.2.3 Marketing Theory

The relationship marketing theory is a type of marketing created from marketing campaigns that involve direct response and which emphasize on customer retention and satisfaction instead of dominantly focusing on sales transactions (Ojwang, 2014). Relationship marketing as a practice is different from the other types of marketing because it does recognize the long-term customer relationships' value and it does extend communication past advertising that is intrusive as well as sales promotional messages (Lero, 2015).

Relationship marketing keeps on evolving and moving forward because of growth of mobile platforms and the internet, this technology brings about communication channels that are more collaborative and social(Mulky, 2017). Relationship marketing principle that is key is the customers retention by different means as well as practices in order to ensure trade that is repeated from pre-existing customers through ensuring satisfaction of requirements beyond those of firms in competition with by an association in which the benefits are mutual (Shustermann, 2013).

Many classic marketing theories centre on the means of distribution channels aimed to attract customers and creating transactions. Profitability increase that comes about because of customer retention efforts is experienced due to the many factors which take place the moment a relationship with a customer has been created (Porter, 2011).

2.3. Determinants of Selective Distribution Strategy

Jobber and Lancaster (2009) argue that consideration and evaluation of influencing factors such as market, profit potential, channel costs product life cycles and as well as the non-marketing factors is the most efficient way of determining the distribution channels. Bianchi (2012) states that the price of the product can determine the distribution channel to be adopted by a firm to remain competitive in the market. Dyer and Blair (2012) states the perishability of a product can determine the choice of a distribution channel. Kombo (2010) argues that the product's size and weight also influence the middlemen's selection. Basically, heavy industrial commodities are distributed by the specific producers to the industrial consumers.

Kamwenji (2014) opines that the technical nature of the products before selling, the consumer must be given proper instructions on how the product is consumed. In such a scenario less of the middlemen arc) need to be used. Barney (2011) established that after-sales service is key determinant of the selective distribution strategy of a firm. Prajogo (2007) opines that if the consumer or the market in terms of customer base is wide, the middlemen's services will be required. Bianchi (2012) established that the expansion of the consumers such that the span over which any commodities' customers is spread, also influences the selection of the distribution channels. Frazie et al., (2009) confirmed that the size of the order is a very important factor for the choice of selective distribution channel strategy.

Barney (2011) states that the objective of purchase is key factor for the choice of selective distribution strategy in a manufacturing firm. Kalubanga (2010) states that the need of the credit facilities plays a significant role of choice of a distribution strategy in a firm. Concerning the producer, Porter (2008) explains that it affect the selection of the channel of distribution. According to Kinyua (2010) the financial resources of the firm especially from the financial perspective, the more the middlemen will be required by the company. Stern et al., (2006) states that managerial competence and experience can determine the choice of selective distribution strategy. Prajogo (2007) also states that the social viewpoint especially society's attitude towards the distribution, this must also be considered while choosing the middlemen.

2.4 Empirical Studies and Knowledge Gaps

Ramendra (2006) executed a research on the impact of distribution channel conflicts on the efficiency of the channel in India. Although 'channel conflict' was deemed as partially researched and its association with channel efficiency partly explored, the moderating impact of the conflict resolution strategies on the efficiency of the channel is absent to a large extent in channel literature. From the perspective of behavioural science, the article components of the channel conflict-efficiency relationship, for three destine forms of conflict resolution methods- bargaining, politics and problem solving in the asymmetric power relationships context. The data collected was analysed using regression analysis. These conceptual model's managerial implications lie dealing with channel partners, channel efficiency, making organizations foresee the probable effects of the adopted conflict resolution strategies and maximization of returns on channel investments.

Kwansontoro, Rosli and Kader (2012) sought to establish the effects of distribution channel innovations and efficiency of SMEs in Indonesia. This was in a bid to explore how Indonesian SMEs are affected by distribution strategies. The data collected from the 126 agricultural-based, export-oriented SMEs located at Special Province of Yogyakarta and outskirts was analysed using regression analysis and the findings established a positive link between the innovations in distribution channel the efficiency of the distribution channels which enhances the performance of the firm. Therefore, innovation must be employed within the distribution channel so as to realize improved firm performance.

Rajagopa (2014) examined the impact distribution channels' functional performance on the transactional relationship in the market environment of Mexico. The research attempted to make theoretical additions to the existing literature on the associations between marketing channels. The effect of channel function on quality performance compared with the effect of the frequently-investigated construct of dependence structure was relatively larger. The sample selected for the study was the distribution firms in the office equipment sector which serve the Mexican industrial accounts. The data collected was analyzed using regression analysis.

Oaga (2015) research study was to examine the impact of intensive distribution strategy on Marketing of Consumer Goods using Dotmall Nigeria Limited as a case study. To achieve the above stated objective both secondary and primary sources or data collection which include the use of questionnaires to elicit information, and review of textbooks, journals, internet sources etc. were used.. The findings in the hypotheses tested showed that; the company uses an intensive distribution strategy for the distribution of its products.

Chen (2010) sought to explore the impact of distribution systems and customer loyalty on performance of the firm in Taiwan. Profitability and efficiency scores were used as performance proxies. Efficiency scores were calculated using the data envelopment analysis approach. Study sample was extracted from the Taiwanese life insurance company. The study adopted the ANOVA technique to analyze data. The findings revealed that a single distribution channel strategy is more productive than multiple distribution channel strategies with regards to profitability and efficiency.

Mehabaw (2017) study pursued to assess the distribution management practice of beer product in the case of Meta brewery, Ethiopia. For the study's purposes, an organized methodology was required which comprised of four Sequence decisions: specifying the goal of distribution, selecting the channel type, determining the distribution's intensity and selecting particular channel members. The study focused on Meta abo sales, distribution and customer service team staff and its exclusive distributors, form Addis Ababa and up county markets. The study adopted a descriptive survey design. Purposive judgmental proportion technique was carried out to arrive at a representative sample for the study and 112 willing respondents were found to participate in the study and taken as a target for the sample size. The researcher employed primary data, which was gathered using semi-structured questionnaire. The data was analysed using correlation analysis. The findings indicate that the effective distribution management practice is very important for the companies and distributors due to the effect and the impact on sales volume of the company.

Kalubanga, Tumwebez and Kakwezi (2012) investigated how multi-channel distribution operations influence the performance of a firm in Kenya. A cross-sectional research design constituting both qualitative and quantitative research designs was employed. Scientific techniques such as Morgan and Krejcie were employed to select the sample population from the junior and senior staff engaged in sales and distribution activities as well as both wholesale and retail distribution agents. Data collected using self-administered questionnaire was analyzed using the Ordinary Least Squares technique. The findings of the study revealed the distribution channel's efficiency support overall performance of the firm and that multi-channel distribution management practices significantly influence firm performance. Furthermore, multi-channel distribution operations were noted to experience many difficulties such as challenges in multi-channel activities coordination leading to intra-channel competition and inter-channel conflicts posing a threat to the pricing power of the firm.

Adimo and Osodo (2017) investigated the association between differentiation strategy and performance of Sameer Africa Ltd located in Nairobi, Kenya. Informed by the study this paper discusses the extent to which channel differentiation strategy employed by Sameer Africa (K) Limited influenced the company's performance. The research employed a correlational research design. The study targeted 112 employees of Sameer Africa (K) Limited comprising of senior management, HODs and junior staff and 90 dealers based in Nairobi. 134 respondents were selected as the sample using stratified and simple random sampling methodologies.

Primary data was gathered through self-administered questionnaires. The data collected was analyzed using regression analysis. From the study's findings , majority of the respondents believed that Sameer Africa (K) Ltd could achieve competitive advantage through channel differentiation. This implies that increasing channel differentiation strategy would lead to higher performances through revenue, market share, customer satisfaction and increased sales. The study sought to provide an empirical evaluation of the association between differentiation strategy and organizational performance.

Karanja (2014) investigated the impact of marketing and distribution strategy on MSP intermediary organizations' performance in Kenya. The role of the mobile service providers sector towards achievement of economic growth and attainment and vision 2030 cannot be underestimated. Moreover, the performance of MSP intermediary firms have seemingly stagnated or declined over time. The descriptive-explanatory cross-sectional research design was employed for the research. The study's sample was 219 responses derived from 397 respondents. The sample was selected using both stratified and simple random sampling. Data collected using structured questionnaires was analyzed using descriptive statistics such as Business Management and Strategy frequencies and one sample t-tests. Deeper statistical analysis was conducted by undertaking regression analysis with the aid of SPSS statistical tool. The findings revealed that choice of distribution strategy and marketing capabilities had a composite effect in significantly contributing to the MSP Intermediary organizations 'performance.

Odero (2015) sought to investigated the effect of distributors on performance of manufacturers of fast moving consumer goods in Kenya. The descriptive research design was employed for the study as it sought to gather qualitative and quantitative data. The population of interest was 40 FMCGs manufacturers in located in Nairobi City County Nairobi where most of the established FMCGs manufacturers in Kenya are based. The study had a sample size of 40 respondents who were served with the questionnaire. Primary data that will be quantitative and qualitative in nature will be collected for this study. A semi-structured questionnaire developed in line with the study's objectives was used to collect data from the respondents.

Inferential statistics such as correlation and regression analysis was used to examine the link between the study variables. Content analysis was used to analyze qualitative data. The study established that distributors play a vital role in a company's performance. The research also found that distributors provide both market and competitor intelligence to the manufacturer. The study further established that distributors help in the market share growth since they have route plans for market coverage and enhance product availability in the outlets within their demarcated areas.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The study employed a descriptive survey design to collect primary data. According to Kothari (2004) descriptive survey design had the advantage enabling the study to describe the situation or phenomenon of the study at that time. Also according to Lewis (2015) descriptive research design is appropriate in describing characteristics of respondents without manipulating the variables under study.

In addition descriptive survey design had the advantage of collecting both quantitative and qualitative data using survey instruments like questionnaires (Creswel and Clarke, 2017). According to Maxwell (2012) quantitative data approach would measure numerical variables and analyse with descriptive statistical procedures.

Descriptive survey design allowed sampling thus reducing time and cost of conducting a study targeting a large population thus providing an opportunity of generalising the findings (Mugenda 2012). This design was suitable for the study as it helped the investigator to solicit experiences of employees in the FMCG firms.

3.2 Population of the Study

Target population refers number of subjects in totality of that the researcher is interested in examining. Lweis (2015) defines the target population as the population that the researcher intends to conclude the study's findings. The target population of the study was all the 40 FMCG companies drawn from the 4 key industrial subsectors located in Kisumu and its surroundings. This population is per the directory of Kenya Association of Manufacturers.

The study respondents were the sales and marketing managers of the FMCG firms. Since the population was relatively small, a census survey was used implying that all the sales and marketing managers from the 40-targeted companies were used as the sample. The study sought responses from the sampled respondents so as to address the research objectives. A census was more conclusive as there was no sampling error and concrete information regarding the subject under study was likely to be achieved (Maxwell, 2012).

Table 3.2: Population of the Study

Category of FMCG Company	Target Population
Foods and Cereal	23
Beauty and Cosmetic	4
Beverage	12
Tobacco	1
Total	**40**

Source: Research Data, 2018

Table 3.1 above shows that 23 respondents were derived from the food and cereal companies, 12 beverage companies, 4 beauty and cosmetic companies while 1 was a tobacco company adding to a total of 40. The entire population of 40 was selected due to the need to attain full representation of the variables being studied. Abbott and McKinney (2013) opine that census gives more reliable findings than a sample, and must always be considered as the first option.

3.3 Sampling Frame

A sampling frame provides an entire list of items where a representative sample is retrieved for the study, (Abbott and McKinney, 2013). This study's sampling frame was all of the 40 FMCG companies in the 4 major industrial sub-sectors retrieved from the directory of Kenya Association of Manufacturers.

These sub-sectors include; tobacco, beverage, alcohol, foods and household. This section entails the sample procedures utilised to derive the study's sample that was utilized to generalize the entire population.

This study adopted a census study hence the respondents were selected from all the four company categories. The categories are tobacco, beverage, beauty and cosmetic and food and cereal. Therefore, the population was not subjected to any specific sampling design, as it was a census survey.

3.4 Data Collection

Structured questionnaires were used to collet primary data. The structured questionnaire constituted both closed and open- ended questionnaires. A pilot study was executed to explore the capability of the research instruments to collect required data for the research.

The content validity was attained by giving the instruments of data collection to experts who evaluated it and gave comments on the appropriateness of the instruments and indicate whether they were of relevance or not. Content validity formula of CVI threshold of 0.78 by Amin (2005) was employed for the study.

Reliability is the extent to which the research tool produces the same results every time it is subjected to same subjects (Mugenda, 2012). According to Lewis (2015), a correlation co-efficient of approximately 0.8 is judged high enough for the instruments to be accepted as reliable. Therefore, the study adopted a Cronbach alpha of a threshold of 0.8.

3.5 Data Analysis

Quantitative data was collected for the study. The collected data was summarized, edited, coded and classified into different categories as per the responses that were be given by the respondents then entered into the SPSS for further analysis.

Descriptive statistics was applied to give measures of central tendency such as mean scores and measures of dispersion such as variance and standard deviation. The analysed quantitative data was presented in tables and charts.

Quantitative analysis produced quantitative reports through percentages, use of tables and central tendency measures. Quantitative data was were presented using statistical techniques such as pie charts, bar charts, frequency counts and percentages to make inferences.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This section presents the findings of the study based on the formulated research questions. The section analyses the study's variables and estimates on the selective distribution strategy and competitive advantage of FMCG companies in Kisumu County, Kenya.

The study's objectives were to explore the determinants of selective distribution study, assess the benefits of adopting and the challenges experienced during the implementation of selective distribution strategy. The study was also meant to determine the sustainable advantage of FMCG companies.

Primary data was collected with the aid of structured questionnaires. The data collected was entered into a Statistical Package for the Social Sciences (SPSS) and analysed using descriptive statistics especially means and standard deviations. The results are presented in the table and figures below.

4.2 Responses Rate

Out of the forty respondents who were sampled and the questionnaires were administered, thirty six respondents responded. This gave a response rate of 90% percent. Contacts prior to the dispatch of the questionnaires and follow up calls could account for the fairly high response rate

Table 4.2: Response Rate

Response	Number	Percentage
Administered questionnaires	40	100
Returned questionnaires	36	90

Source: Field Work, 2018

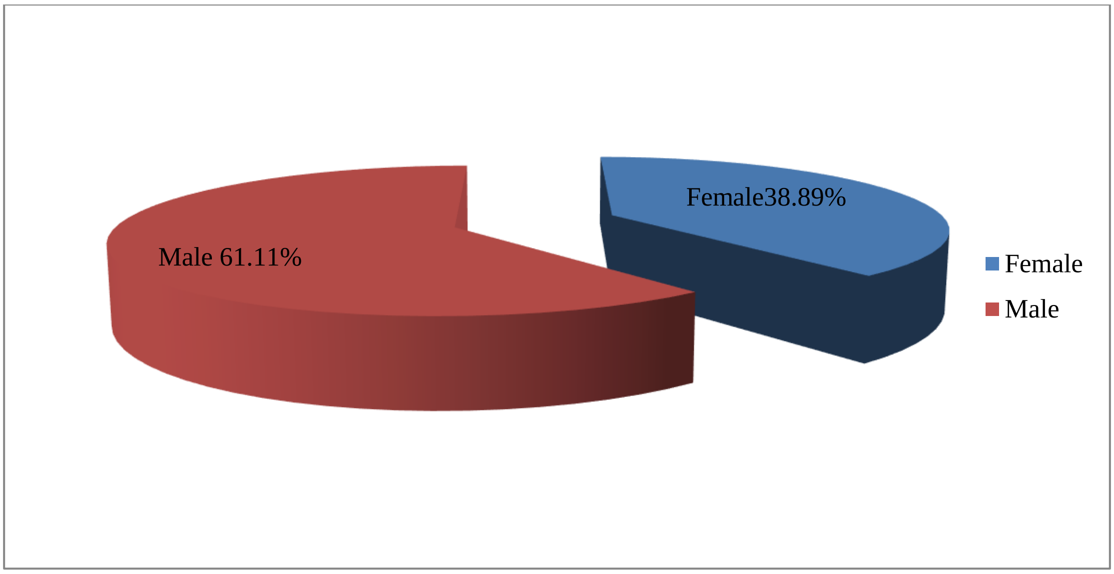
The response rate was satisfactory and follows Mugenda and Mugenda (2003) specification that a response rate of 50% is reasonable for analysis and a response a rate of 60% is good while a response rate of 70% id deemed excellent. Demographic information aides in the laying of social, economic foundations that might influence the direction of the investigation.

4.3. Demographic Information

This highlights the demographic information of the respondents that includes gender, age education level and job tenure. The results are presented in Figure 4.3.1 to Figure 4.3.5. Demographic information aides in the laying of social, economic foundations that might influence the direction of the investigation.

4.3.1 Gender of Respondents

The study sought to establish the respondents' gender to determine whether there was a fair representation of both genders in the study. The results in Figure 4.3.1 show that 14(38.89%) of the respondents are males while 22(61.11%) are females showing clearly the dominance of male within the FMCG companies in the study area.



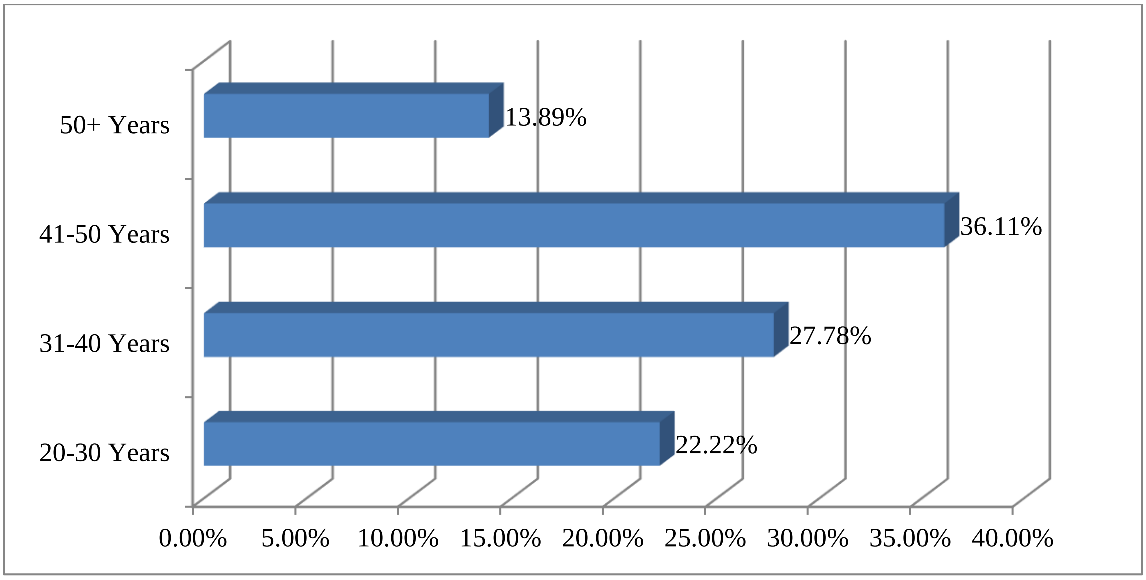
Source: Field Work, 2018

Figure 4.3.1: Gender of Respondents

There was a rather large disparity in the ration of male to female respondents who are at managerial position. FMCG companies should appreciate that female as male employees especially at managerial level are good in terms of service standards and interpreting moods. They generally have good analytical and communication skills. The study therefore encourages more women to take up managerial positions in the FMCG industry.

4.3.2. Age of Respondents

The findings in Figure 4.3.2 reveal that 8 (22.22)% of respondents were between 20-30 years, 10(27.78%) were between 31 to 40 years old, 13 (36.11%) were between 41 to 50 years old, 5 (13.89%) were more than 50 years old. This finding means that most of respondents are between the ages of 36 to 45years.



Source: Field Work, 2018

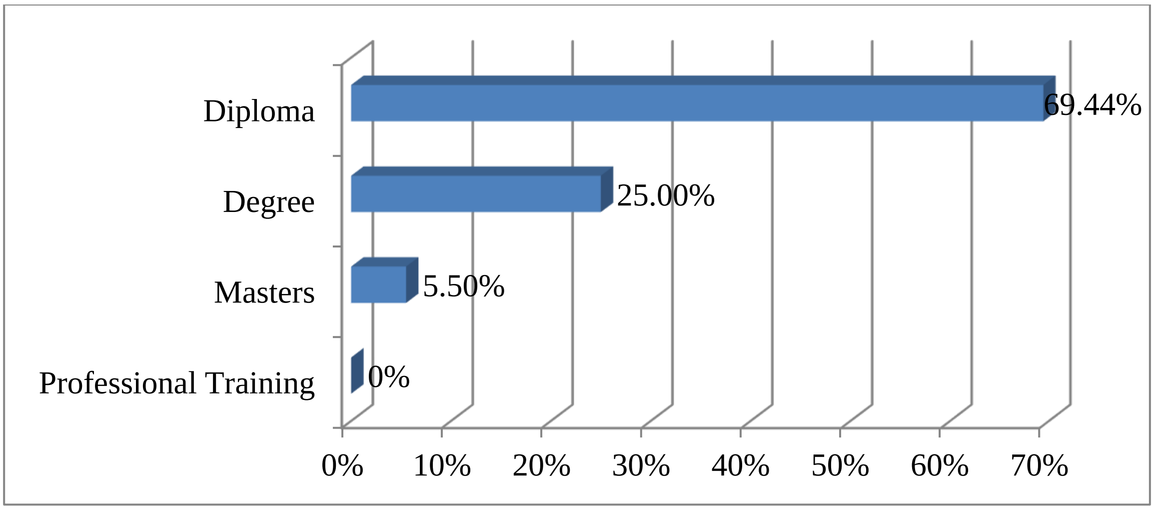
Figure 4.3.2: Age of Respondents

This age group is usually energetic, very active, experienced, and responsible and has skills (Kimani, 2015). This indicates that the FMCG companies in the study area had diversified labour force. However, the finding indicates that 50% of the respondents were in the youth bracket which is between the ages of 20 to 40 years.

This implies that the FMCG companies' youth employment policy is not providing enough intervention to encourage youth employment in FMCG sector. The results also indicate few respondents were above fifty years in line with expectations. Generally, employees above 50 years normally exits employment through either voluntary exit or employer initiated early retirement

4.3.3. Education Level of Respondents

It was important to ascertain the education level held by the respondents of the study so as to ascertain if they had relevant knowledge and skills on selective distribution and performance of the FMCG companies. This is illustrated in Figure 4.3.3



Source: Field Work, 2018

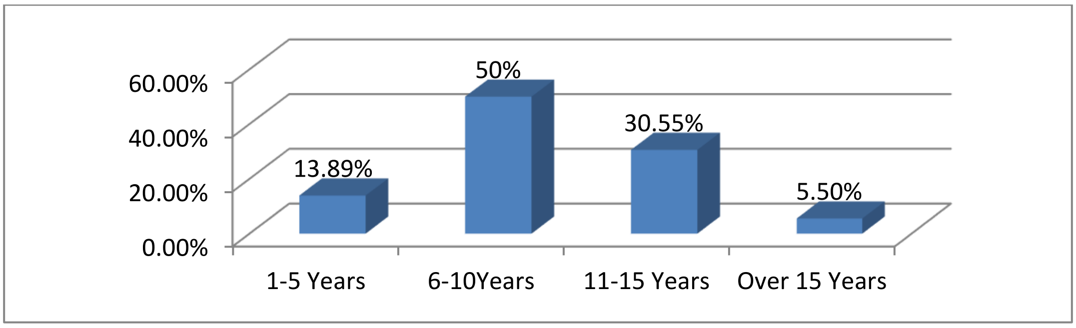
Figure 4.3.3: Level of Education of the Respondents

The study results show that 9 (25%) of the respondents have a bachelor's degree, 25 (69.44%) have diploma level of education, 2 (5.50 %) have a master's level of education while none has a professional training which again shows a blend of different levels of qualifications with over 80% of the respondents having either diplomas or degrees while the presence of postgraduate indicates the increasing qualification needs of the managers of the FMCG companies in the study area.

The results were found to be consistent with Joppe (2000) that the respondents with adequate knowledge under study were useful in the collection of accurate information on the subject being examined. Therefore, the respondents of the study were in good information with reliable information on selective distribution strategy and competitive advantage of FMCG companies in the study area.

4.3.4. Working Experience of Respondents

The study determined the working experience held by the respondents in order to ascertain the extent to which their responses could be relied upon to make conclusions on the study problem using their working experience. According to Figure 4.3.4 the findings show that 18 (50%) of the respondents have worked in the FMCG companies for 6 to 10 years, 11 (30.55%) have worked for 11 to 15 years while 5 (13.89%) have worked for 1 to 5 years and 2(0.55%) have worked for the organization over 15years.



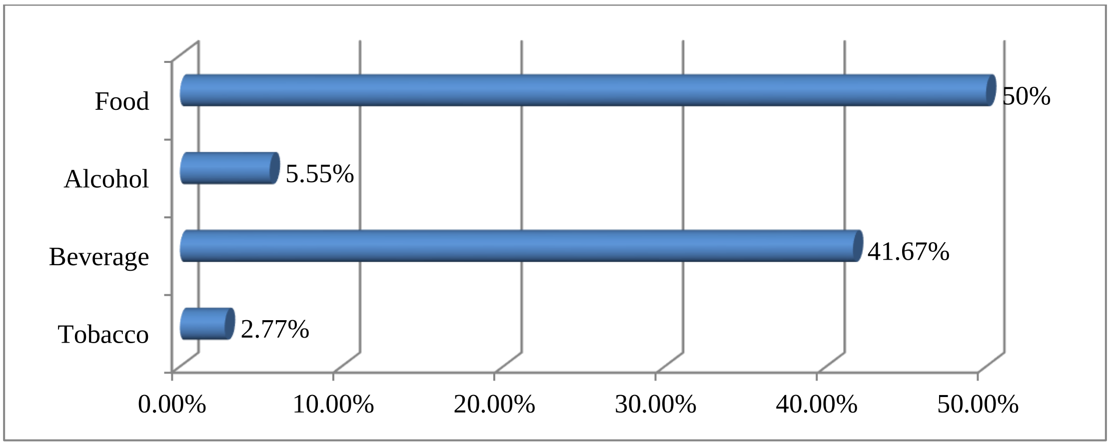
Source: Field Work, 2018

Figure 4.3.4: Working Experience of the Respondents

The tenure in this case might conform to the age of the employees where the younger employees have worked for lesser time compared to the older staff while at the same time it shows that there is a mix of experience regarding selective distribution strategies applied in the FMCG companies in the study area. These assertions agreed with Braxton (2008) that experienced respondents provide reliable for scrutiny into the problem of the study. Therefore, majority of the respondents were conversant with the technical matters regarding selective distribution strategy and competitive advantage of FMCG companies within the study area.

4.3.5. FMCG Category

The study further found that it was important to identify the FMCG category in order to establish the nature and characteristics of selective distribution strategy experienced by different categories of the FMCG companies. From the findings in Figure 4.3.5, majority 18(50%) of the respondents were from food category, 15(41.67%) were from beverage category, 2(5.55%) were from alcohol category and 1(2.77%) were from tobacco category.



Source: Field Work, 2018

Figure 4.3.5: Category of FMCG

4.4 Determinants of Selective Distribution Strategy

The study focused on establishing the determinants of selective distribution strategy within the FMCG companies which is key towards assessing the level of competitive advantage of FMCG companies. Thus, the study sought to assess the level or degree of competitive advantage of FMCG companies by assessing the views of the respondents. Their views were measured using a 5-point Likert scale to determine the extent with which they agreed or disagreed with the various items concerning them. The findings were presented in Table 4.4.

Table 4.4: Determinants of Selective Distribution Strategy in the FMCG Companies

Statement		**SD**	**D**	**N**	**A**	**SA**	**Mean**	**SD**
Product Related Factors								
Price of product	%	16.4	22.4	0	44	17.2	3.62	0.96
Perishability of product	%	20.7	37.9	0	31	10.3	3.31	0.92
Size and weight of products	%	0.9	38.8	20.7	29.3	10.3	3.09	1.06

Technical nature of products	%	12.1	19.8	0	47.4	20.7	3.77	0.92
After sales service	%	16.4	22.4	0	44	17.2	3.62	0.96
Consumer Related Factors								
Number of customers	%	0.9	38.8	20.7	29.3	10.3	3.09	1.06
Expansion of consumers	%	12.1	19.8	0	47.4	20.7	3.77	0.92
Size of order	%	16.4	22.4	0	44	17.2	3.62	0.96
Objective of purchase	%	0.9	38.8	20.7	29.3	10.3	3.09	1.06
Producer Related Factors								
Level of production	%	20.7	37.9	0	31	10.3	3.31	0.92
Financial resources	%	0.9	38.8	20.7	29.3	10.3	3.09	1.06
Managerial competence and experience	%	12.1	19.8	0	47.4	20.7	3.77	0.92
Social View point								
Attitude of society towards middlemen/agents	%	17.2	52.6	0	20.7	9.5	2.22	0.85
Freedom of altering(Middlemen/agents)	%	20.7	37.9	0	31	10.3	3.31	0.92

Source: Field Work, 2018

The findings in Table 4.4 reveal that 20.7% and 37.9% of the respondents strongly disagreed and disagreed respectively that the perishability of product determine the choice of the selective distribution strategy while 31.0% and 10.3% of the respondents agreed and disagreed respectively thereby giving a mean response of 3.91 (SD = 1.04) indicating agreement by majority of the respondents. Furthermore, the findings show that 0.9% and 38.8% of the respondents strongly disagreed and disagreed respectively that the size and weight of the products determine the choice of the selective distribution strategy while 20.7% and 29.3% of the respondents agreed and strongly agreed respectively thereby giving a mean response of 3.09 (SD = 1.06) indicating agreement by majority of the respondents.

The findings also show that 12.1% and 19.8% of the respondents strongly disagreed and disagreed respectively that the technical nature of products determine the choice of the selective distribution strategy while 47.4% and 20.7% of the respondents agreed and strongly agreed respectively thereby giving a mean response of 3.77 (SD = 0.92) indicating agreement by majority of the respondents.

However, 16.4% and 22.4% of the respondents strongly disagreed and disagreed respectively that the after sales service determine the choice of the selective distribution strategy while 44% were neutral, 17.2% and 20.7% of the respondents agreed and strongly agreed respectively thereby giving a mean response of 3.62 (SD = 0.92) indicating neutrality by majority of the respondents. According to the study results, it was revealed that on the factors related to the consumer or market 0.9% and 38.8% respondents strongly disagreed and disagreed respectively that the number of consumers determine the choice of the selective distribution strategy while 20.7%, 29.3% and 10.3% of the respondents agreed and strongly agreed respectively.

The findings also show that 12.1% and 19.8% of the respondents strongly disagreed and disagreed respectively that the expansion of consumers determine the choice of the selective distribution strategy while 47.4% and 20.7% of the respondents agreed and strongly agreed respectively thereby giving a mean response of 3.77 (SD = 0.92) indicating agreement by majority of the respondents.

Furthermore, the findings show that 16.4% and 22.4% of the respondents strongly disagreed and agreed respectively that the size of order determine the choice of the selective distribution strategy while 0% were neutral, 44.0% and 17.2% of the respondents agreed and strongly agreed respectively thereby giving a mean response of 3.62 (SD = 0.96) indicating agreement by majority of the respondents.The results in Table 4.4 reveal that 38.8% and 0.9% of the respondents strongly disagreed and agreed respectively that the objectives of the purchase determine the choice of the selective distribution strategy while 20.7% were neutral, 29.3% and 10.3% of the respondents agreed and strongly agreed respectively thereby giving a mean response of 3.09 (SD = 1.06) indicating neutrality by majority of the respondents.

From the study results, it was revealed that on the factors related to the producers, 20.7% and 37.9% of the respondents strongly disagreed and disagreed respectively that the level of production determine the choice of the selective distribution strategy while 31% and 10.3% of the respondents agreed and strongly agreed respectively thereby giving a mean response of 3.31 (SD = 0.92) indicating agreement by majority of the respondents. The findings also show that 0.9% and 38.8% of the respondents strongly disagreed and disagreed respectively that the financial resources determine the choice of the selective distribution strategy while 20.7% were neutral, 29.3% and 10.3% of the respondents agreed and strongly agreed respectively.

The findings in Table 4.4 reveal that 12.1% and 19.8% respondents strongly disagreed and disagreed that the managerial competence and experience determine the choice of the selective distribution strategy while 0% were neutral, 47.4% and 20.7% of the respondents agreed and strongly agreed respectively thereby giving a mean response of 3.77 (SD = 0.92) indicating agreement by majority of the respondents. From the study results, in regard to factors related to the social viewpoint, 17.2% and 52.6% of the respondents strongly disagreed and disagreed respectively that the attitude of society towards middlemen or agents determine the choice of the selective distribution strategy while 20.7% and 9.5% of the respondents agreed and strongly agreed respectively thereby giving a mean response of 2.22 (SD = 0.85) indicating disagreement by majority of the respondents.

The findings also show that 20.1% and 37.9% of the respondents strongly disagreed and disagreed respectively that the freedom of altering(middlemen and agents) determine the choice of the selective distribution strategy while 10.3% and 31% of the respondents strongly agreed and agreed respectively thereby giving a mean response of 3.31 (SD = 0.92) indicating agreement by majority of the respondents.

4.5 Benefits of Adoption of Selective Distribution Strategy in the FMCG Companies

The level of adoption of selective distribution strategy within the FMCG companies is key towards assessing the level of competitive advantage of FMCG companies. Thus, the research sought to assess the benefits of adoption of selective distribution strategy in the FMCG companies. Their views were measured using a 5-point Likert scale to determine the degree with which they agreed or disagreed with the various items concerning them. The resultswere presented in Table 4.5.

Table 4.5: Benefits of Adoption of Selective Distribution Strategy

Statement		SD	D	N	A	SA	Mean	SD
Efficient in meeting customers' needs	%	60.3	39.7	0	0	0	1.40	0.49
Enhances face to face with the customer	%	16.4	37.9	0	27.6	18.1	3.47	0.97
Targets a large market	%	5.2	27.6	0	33.6	33.6	3.91	1.04

segment								
Cheap to undertake than other distribution strategies	%	5.2	7.8	13.8	46.6	26.7	2.87	0.85
Service cost to customers is lower than other distribution strategies	%	16.4	25.9	0	47.4	10.3	3.52	0.89
It enhances level of trust with the customers	%	16.4	37.9	0	27.6	18.1	3.47	0.97
It enhances legal and technical security challenges	%	5.2	7.8	13.8	46.6	26.7	2.87	0.85
It enhances the firm to generate, disseminate and respond to market changes faster	%	5.2	27.6	0	33.6	33.6	3.91	1.04

Source: Field Work, 2018

The findings in Table 4.5 show that 60.3% and 39.7% of the respondents strongly disagreed and disagreed respectively that the eefficient in meeting customers' needs a mean response of 1.40 (SD = 0.49) indicating strongly disagreement with the item. The findings further show that 16.4% and 37.9% of the enhances face to face with the customer while 27.6% and 18.1% agreed and strongly agreed respectively regarding this giving a mean response of 3.52 (SD = 0.89) indicating agreement by majority of the respondents.

In addition, the findings show that 5.2% and 27.6% of the respondents stated that it helps to target a large market segment while 33.6% and 33.6% agreed and strongly agreed respectively regarding this giving a mean response of 3.91 (SD = 1.04) indicating agreement by majority of the respondents. Furthermore, the findings show that 5.2% and 7.8% of the respondents stated that it is cheap to practice than other distribution strategies while 13.8%, 46.6% and 26.7% agreed and strongly agreed respectively regarding this giving a mean response of 2.87 (SD = 0.85) indicating neutrality by majority of the respondents.

From the study results, 16.4% and 25.9% of the respondents stated that service cost to customers is lower than other distribution strategies while 47.4% and 10.3% agreed and strongly agreed respectively regarding this giving a mean response of 3.52 (SD = 0.89) indicating agreement by majority of the respondents. Table 4.5 revealed that 16.4% and 37.9% of the respondents stated that it enhances level of trust with the customers while 27.6% and 18.1% agreed and strongly agreed respectively regarding this giving a mean response of 3.47 (SD = 0.97) indicating neutrality by majority of the respondents.

In addition, the findings show that 5.2% and 7.8% of the respondents stated that it enhances legal and technical security challenges while 13.8% were neutral, 46.6% and 26.7% agreed and strongly agreed respectively regarding this giving a mean response of 2.87 (SD = 0.085) indicating agreement by majority of the respondents. The findings also show that 5.2% and 27.6% of the respondents stated that it enhances the firm in generation, dissemination and adequately respond to market changes faster while 33.6% and 33.6% agreed and strongly agreed respectively regarding this giving a mean response of 3.91 (SD = 1.04) indicating agreement by majority of the respondents.

4.6 Challenges of Adoption of Selective Distribution Strategy in the FMCG Companies

Thus, the study explored the challenges of adoption of selective distribution strategy in the FMCG companies. Their views were measured using a 5-point Likert scale to determine the degree with which they agreed or disagreed with the various items concerning them. The results were presented in Table 4.6.

Table 4.6: **Challenges for the Implementation of Selective Distribution Strategy**

Statement		SD	D	N	A	SA	Mean	SD

Lack of management support	%	75	25	0	0	0	1.25	0.44
High implementation cost	%	0	0	13.8	62.1	24.1	4.10	0.61
Lack of adequate funds	%	0	1.7	30.2	35.3	32.8	3.99	0.84
Lack of skilled employees to implement the strategy	%	0	10.3	37.1	36.2	16.4	3.59	0.89
Lack of proper communication channels	%	0	0	8.6	49.1	42.2	4.34	0.63
Complexity of customer needs	%	0	1.7	30.2	35.3	32.8	3.99	0.84
Lack of policies, processes and procedure to support implementation of strategy	%	0	0	13.8	62.1	24.1	4.10	0.61

Source: Field Work, 2018

The findings in Table 4.6 show that 75% and 25% of the respondents strongly disagreed and disagreed respectively that lack of management support is a hindrance to the implementation of selective distribution strategy a mean response of 1.25 (SD = 0.44) indicating strongly disagreement with the item. The findings further show that 0% and 0% of the respondents stated that high implementation cost was a challenges to the implementation of selective distribution strategy while 13.8% were neutral, 62.1% and 24.1% agreed and strongly agreed respectively regarding this giving a mean response of 4.10 (SD = 0.61) indicating agreement by majority of the respondents.

In addition, the findings show that 5.2% and 27.6% of the respondents stated that it helps to target a large market segment while 33.6% and 33.6% agreed and strongly agreed respectively regarding this giving a mean response of 3.91 (SD = 1.04) indicating agreement by majority of the respondents. Furthermore, the findings show that 5.2% and 7.8% of the respondents stated that it is cheap to undertake than other distribution strategies while 13.8%, 46.6% and 26.7% agreed and strongly agreed respectively regarding this giving a mean response of 2.87 (SD = 0.85) indicating neutrality by majority of the respondents.

From the study results, 0% and 10.3% of the respondents stated that lack of skilled employees was a challenge for the implementation of selective distribution strategy while 37.1% were neutral, 36.2% and 16.4% agreed and strongly agreed respectively regarding this giving a mean response of 3.59 (SD = 0.89) indicating agreement by majority of the respondents.

Furthermore, the study results, 0% and 1.7% of the respondents stated that lack of adequate funds was a challenge for the implementation of selective distribution strategy while 30.2% were neutral, 35.3% and 32.8% agreed and strongly agreed respectively regarding this giving a mean response of 3.99 (SD = 0.84) indicating agreement by majority of the respondents. The findings further showed that , 0% and 0% of the respondents stated that lack of proper communication was a challenge for the implementation of selective distribution strategy while 8.6% were neutral, 49.1% and 42.2% agreed and strongly agreed respectively regarding this giving a mean response of 4.34 (SD = 0.63) indicating agreement by majority of the respondents.

According to the study , 0% and 0% of the respondents stated that complexity of customer needs was a challenge for the implementation of selective distribution strategy while 13.8% were neutral, 62.1% and 24.1% agreed and strongly agreed respectively regarding this giving a mean response of 4.10 (SD = 0.61) indicating agreement by majority of the respondents.

Finally, according to the findings 0% and 0% of the respondents stated that lack of policies, processes and procedure to support implementation of strategy was a challenge for the implementation of selective distribution strategy while 13.8% were neutral, 62.1% and 24.1% agreed and strongly agreed respectively regarding this giving a mean response of 4.10 (SD = 0.61) indicating agreement by majority of the respondents.

4.7Sustainable Competitive Advantage

The study sought to find out the descriptive statistics of the dependent variable (competitive advantage). The results were summarized in Table 4.6. The table shows that majority (43.5%) of the respondents said to a high extent they have maintained and consistently grown their overall market share year. Malhotra (2007) presented four capacities that are fundamental association between the attributes of a firm. One of the four main capacities included the strategic assets that are associated to the company's position in the market, in other words its market share.

Table 4.7: Descriptive statistics for Competitive Advantage

Statement	Very Low Extent	Low Extent	Average Extent	High Extent	Very High Extent
We have maintained and consistently grown our overall market share year on year	11.3%	7.3%	12.9%	43.5%	25.0%

We have maintained and consistently grown our total business profitability year on year	0.8%	8.1%	31.5%	36.3%	23.4%
We have maintained and consistently grown the total capital employed for our total business year on year	6.5%	4.0%	22.6%	50.8%	16.1%
We have maintained and consistently reported higher returns on capital employed for our total business year on year	0.0%	9.7%	37.9%	38.7%	13.7%
We have maintained and consistently grown our total business number of customers year on year	7.3%	4.0%	21.8%	49.2%	17.7%
Averages	**5.18%**	**6.62%**	**25.34%**	**43.70%**	**19.18%**

Source: Field Work, 2018

The findings in Table 4.7 show that 60.3% and 39.7% of the respondents strongly disagreed and disagreed respectively that the eefficient in meeting customers' needs a mean response of 1.40 (SD = 0.49) indicating strongly disagreement with the item. The findings further show that 16.4% and 37.9% of the enhances face to face with the customer while 27.6% and 18.1% agreed and strongly agreed respectively regarding this giving a mean response of 3.52 (SD = 0.89) indicating agreement by majority of the respondents.\A majority of the respondents (36.3%) said to a high extent they have maintained and consistently grown their total business profitability year on year. This finding confirms that resources should have some capability to generate profits consistently or to avoid losses. A majority (50.8%) of the respondents said to a high extent they have maintained and consistently grown the total capital employed for their total business year on year.

4.8 Selective Distribution Strategy and Competitive Advantage

The study findings have revealed that there has been a general consensus among respondents that their respective companies have exuded the characteristics of gaining competitive advantage through the uptake of selective distribution strategies. The study found out that 43.5% of the respondents that their companies have maintained and increased their total market share. 36.3% of the respondents have to a high extent increased their profitability levels while 50.8% which is more than half the respondents have grown their total capital and 38.7% have had a higher return on investments. The factors above clearly depict these companies are quickly gaining competitive advantage in the market. Owing to the benefits that have been established earlier that selective distribution strategy not only has cost cutting benefits but the resources available are utilized for the exact target market which helps companies become more efficient and effective then competitive advantage is achieved.

The findings confirm the argument of Braxton (2008) that, effective and efficient investment and management of capital financial resources results in generation of profit which gradually increases as the firm grows. This allows the firm to grow and sustain competitive advantage, leading to reinvestment and accumulation of owners' favored source of finance reinvestment as well as internal equity.

The adoption of selective distribution strategy is therefore shown to have an effect on the competitive advantage of firms by most respondents, who confirm that their companies are quickly implementing selective distribution strategy for various products and services also owing to the number benefits that outweigh the challenges

4.9 Discussion of the Findings

According to (Kimani,2015) , employees between the ages of 36-50 years are usually energetic, very active, experienced, and responsible and has skills This will guide FMCG companies on issues of motivation and rewards to encourage employee citizenship hence reduce high staff turnover that is generally associated with FMCG companies . Joppe (2000) findings concur with the study that working with respondents with a proper understanding of the subject matter are well conversant with all facts and can offer reliable information for the study.

This demonstrates that majority of the FMCG companies' with qualified professional employees who are well equipped with technical knowledge and skills on issues that are directly linked to the firm's growth and existence have an upper hand at achieving competitive advantage in the market. There was a rather large disparity in the ration of male to female respondents who are at managerial position. FMCG companies should appreciate that female as male employees especially at managerial level are good in terms of service standards and interpreting moods.

They generally have good analytical and communication skills. The study therefore encourages more women to take up managerial positions in the FMCG industryA large number of the respondents inferred with the study to a high extent that they have maintained and consistently reported higher returns on capital employed for their total business year on year. The findings are in harmony with those of Oluoch, (2007) who concluded that by successful employment of strategies in leveraging the firm's, valuable, rare and hard-to-imitate resources, then such firms are likely to gain an advantage over their competitors in the marketplace and thus earn higher returns. A majority (49.2%) of the respondents said to a high extent they have maintained and consistently grown their total business number of customers' year on year.

Further, a respondents confirmed to a high extent their diversified products continue to command high brand equity across all the segments they are present year on year. Malhotra (2008), postulated that competitive advantage is anything that offers unique capabilities to a firm, its services or products, from its competitors' eyes or end user sight that a customer chooses to purchase them over another results to more sales.

According to Rosenbloom (2011) the comparison distribution with other components including product, promotion and price, it gives a favourable basis for the development of sustainable competitive advantage since distribution competencies cannot be easily imitated by the rivals. The study recognizes that the combination of good strategies, human capabilities and skills enable to perceive distribution strategy as sources of attaining competitive parity. According to Ndung'u (2012), the key source for firm's growth and success can be established inside of the firm's resources and superior capabilities which will accumulate as basis for gaining competitive advantage

The study indicates that selective distribution strategy enhances face to face interactions which in turn enhances the levels of trust with the customers hence customer retention is ensured. This is confirmed by a standard deviation score of 0.89 that indicates a consensus with the respective respondents of the study. The study further found out that the costs associated with selective distribution strategy is much lower compared to other distribution strategies.

The study also notes that selective distribution strategy comes with its fair share of challenges which includes issues of lack of technical skills and knowledge among some employees, lack of adequate funds and the complex dynamic need s and wants of consumers remain a pain during the implementation of selective distribution strategies. Finally, in order to achieve competitive advantage through selective distribution strategy, it is important for FMCG companies to note that there is need for employees training to enable them acquire skills for improved performance.

There is also need to put into consideration all aspects of distribution and marketing through proper marketing research before implementation of a distribution strategy in the market. Over and above, these companies must invest in strategies that will enable them appreciate their customers' needs and continually strive to meet these needs and wants which form the core of their businesses.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section presents the summary of findings, conclusion drawn from the findings and recommendations. The conclusion and recommendations drawn were focused on addressing the purpose of this study which was to examine the influence of influence of distribution strategy on competitive advantage of FMCG companies in Kisumu County, Kenya.

The study summarizes the findings that were drawn from the data collected and analyzed on the SPSS statistical tool. The study also recommends that adequate management support is needed successful implementation of selective distribution strategy. The study also notes that clear policies, procedures and processes are essential for implementation of the same.

The study further suggests that there is need for further research in other sectors of the economy and in public and private companies. The study also suggests the need for further research on the influence of selective distribution on the growth and performance of FMCG companies in Kenya.

5.2 Summary

The findings revealed that perishability of product determine the choice of the selective distribution strategy. The size and weight of the products, the technical nature of products, after sales service determine, number of consumers, expansion of consumers and the size of order and objectives of the purchase determine the choice of the selective distribution strategy.

From the findings , it was revealed that on the factors related to the producers, level of production, financial resources, managerial competence and experience determine the choice of the selective distribution strategy. With regard to factors related to the social viewpoint, the attitude of society towards middlemen or agents and the freedom of altering (middlemen and agents) determine the choice of the selective distribution strategy.

The findings show that efficient in meeting customers' needs, one on one with the customer, target a large market segment, it is cheap to execute than other distribution strategies, service cost to customers is lower than other distribution strategies, enhances level of trust with the customers, enhances legal and technical security challenges, enhances the firm in the generation, dissemination and response to market changes faster are the benefits of adoption of selective distribution strategy.

The study established that lack of management support is a hindrance to the implementation of selective distribution strategy. The findings further show that high implementation cost, lack of adequate funds, lack of proper communication, complexity of customer needs and lack of policies, processes and procedure to support implementation of strategy was a challenge for the implementation of selective distribution strategy.

5.3 Conclusion

The study concludes that perishability of product, size and weight of the products, the technical nature of products, after sales service, number of consumers, expansion of consumers and the size of order and objectives of the purchase determine the choice of the selective distribution strategy.

The study concludes that level of production; financial resources, managerial competence and experience the attitude of society towards middlemen or agents and the freedom of altering (middlemen and agents) determine the choice of the selective distribution strategy.The study concludes that meeting customers' needs, service cost to customers is lower than other distribution strategies, level of trust with the customers, legal and technical security challenges and firm to generate, disseminate and respond to market changes faster are some of the benefits of adoption of selective distribution strategy.

The study also concludes that lack of management support, high implementation cost, lack of adequate funds, lack of proper communication, complexity of customer needs and lack of policies, processes and procedure to support implementation of strategy was a challenge for the implementation of selective distribution strategy.

5.4 Recommendations

The study recommends for consideration of the product related factors to enhance selective distribution strategy such as the size and weight of the products, the technical nature of products, after sales service determine, number of consumers, expansion of consumers and the size of order and objectives of the purchase determine the choice of the selective distribution strategy.

The other factors related to the producers such as the level of production, financial resources, managerial competence and experience determine the choice of the selective distribution strategy. There is need to have adequate management support for the implementation of selective distribution strategy.

The study further recommends for the consideration of implementation cost, adequate funds, proper communication, clear policies, processes and procedure to support implementation of selective strategy to enhance competitive advantage of the FMCG companies in Kisumu County, Kenya.

5.5 Limitations of the Study

The study was done within the context of Fast Moving Consumer Goods Companies in Kisumu County hence conclusions were drawn on the basis of the context. The research targeted Sales and Marketing managers of the respective companies to respond to the questionnaires. This turned out to be a challenge during the process of data collection as it became difficult to meet some of them due to company restrictions and their busy schedules.

In light of this, some questionnaires were only to the receptionists to issue the Sales and Marketing managers which were collected on a later date from the same receptionists filled in. Under such circumstances, it is the assumption of the researcher that the questionnaires were responded to by the intended respondents and therefore relevant to the research objectives.

The research could have been more informative and conclusive if the study focused on a larger population possibly covering a wider geographic location like Kenya as a whole. However due to time constraints and the extent of investigation required to take the objective of the study, the researcher could only tackle the FMCG companies in Kisumu county and leave other areas for future research work.

5.6 Areas for Further Research

The study advocates for more research in the field of sustainable competitive advantage in the FMCG companies particularly in Kisumu County, Kenya. The findings demonstrated the important factors to enhancement of selective distribution strategy for the competitive advantage of FMCG companies.

The study therefore recommends that there is need for further study to establish the influence of selective distribution strategy on growth and performance of FMCG companies in Kenya. This study focused on FMCG companies within Kisumu County, generalizations can therefore not satisfactorily extend to other sectors of the economy. Further research is therefore recommended on the other affiliated sectors in Kenya. This will give deeper insight on how the different sectors work hand in hand towards improving economies.

A broad based study on Selective distribution and competitive advantage in both private and public organizations should also be carried out. These and other further studies will further the theories that have been earlier propounded and also show the diverse relationship that exists between private and public companies in the same industry.

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APPENDICES

Appendix I: Introduction Letter to Respondents

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 14/11/2018

TO WHOM IT MAY CONCERN

The bearer of this letter SHARON ATIENO OTIENO

Registration No. D61/84226/2015

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

15 NOV 2018

PROF. JAMES M. NJIHIA
DEAN, SCHOOL OF BUSINESS

Source: University of Nairobi, 2018

Appendix II: Research Questionnaire

This study is purely for academic purpose only. Confidentiality is highly respected. Please tick where appropriate giving correct information as much as possible.

Part one:

1. Please tick your gender

Gender	Tick
Male	
Female	

2. Age of the respondent?

Years	Tick
26-35	
36-45	
46-55	
56+	

3. What is your level of education attained?

Level of Education	Tick
Diploma	
Degree	
Masters	
Phd	

4. How many long have you worked in the firm?

Years	Tick
1 - 5	
6-10	
11-15	
16 -20	
Over 20	

Part Two:

Determinants of Selective Distribution Strategy in the Firm

Kindly tick in the appropriate box the following determinants on the adoption of selective distribution strategy Where 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree and 1 = Strongly Disagree.

	5	**4**	**3**	**2**	**1**
Product Related Factors					
Price of product					
Perishability of product					
Size and weight of products					
Technical nature of products					
After sales service					
Consumer/Market Related Factors					
Number of customers					
Expansion of consumers					
Size of order					
Objective of purchase					
Producer Related Factors					
Level of production					
Financial resources					
Managerial competence and experience					
Social View Point					
Attitude of society towards middlemen/agents					
Freedom of altering(Middlemen/agents)					

Part Three:

Benefits of Adoption of Selective Distribution Strategy in the Firm

Kindly tick in the appropriate box the following benefits and extent (if any) for the use of selective distribution strategy Where 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree and 1 = Strongly Disagree.

Statement	**5**	**4**	**3**	**2**	**1**
Efficient in meeting customers' needs					
Enhances face to face with the customer					
Targets a large market segment					
Cheap to undertake than other distribution strategies					
Service cost to customers is lower than other distribution strategies					
It enhances level of trust with the customers					
It enhances legal and technical security challenges					
It enhances the firm to generate , disseminate and respond to market changes faster					

Part Four

Challenges for the Implementation of Selective Distribution Strategies

Kindly tick in the appropriate box the following challenges (if any) likely to affect implementation of selective distribution strategies in your firm: Where 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree and 1 = Strongly Disagree.

Statement	**5**	**4**	**3**	**2**	**1**
Lack of management support					
High implementation cost					
Lack of adequate funds					

Lack of skilled employees to implement the strategy					
Lack of proper communication channels					
Complexity of customer needs					
Lack of policies, processes and procedure to support implementation of strategy					
Others(kindly mention them)					

Part Five:

Sustainable Advantage of FMCG

Kindly tick in the appropriate box the following elements (if any) on selective distribution strategies and sustainable advantage in your firm: Where 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree and 1 = Strongly Disagree.

	(1)	**(2)**	**(3)**	**(4)**	**(5)**
We have maintained and consistently grown our overall market share year on year					
We have maintained and consistently grown our total business profitability year on year					
We have maintained and consistently grown the total capital employed for our total business year on year					
We have maintained and consistently reported higher returns on capital employed for our total business year on year					
We have maintained and consistently grown our total business number of customers year on year					

Appendix III: Plagiarism Report

SELECTIVE DISTRIBUTION STRATEGY AND COMPETITIVE ADVANTAGE OF FAST MOVING CONSUMER GOODS COMPANIES IN KISUMU COUNTY

ORIGINALITY REPORT

11%	8%	3%	6%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

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6	chss.uonbi.ac.ke Internet Source	<1%
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8	Submitted to Asian Institute of Management Student Paper	<1%

Source: University of Nairobi, 2018