EFFECT OF INDUSTRIAL DISTRIBUTORS IN THE MARKETING PERFORMANCE OF BEER FIRMS IN KENYA: CASE STUDY OF EAST AFRICAN BREWERIES LIMITED RUARAKA HEADQUARTERS, KENYA

BY

MAUREEN KAJUJU GITONGA

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2019
EFFECT OF INDUSTRIAL DISTRIBUTORS IN THE MARKETING PERFORMANCE OF BEER FIRMS IN KENYA: CASE STUDY OF EAST AFRICAN BREWERIES LIMITED RUARAKA HEADQUARTERS, KENYA

BY

MAUREEN KAJUJU GITONGA

A Research Project Report Submitted to the School of Business in Partial Fulfillment for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

SUMMER 2019
STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any college, institution or university other than United States International University in Nairobi for academic credit.

Signed __________________________ Date: _________________________

Maureen Kajuju (ID No: 653290)

This research project report has been presented for examination with my approval as the appointed supervisor.

Signed __________________________ Date: _________________________

Prof. Kefah Njenga

Signed __________________________ Date: _________________________

Dean, Chandaria School of Business
COPYRIGHT

Copyright © Maureen Kajuju, 2019

This research project report is the intellectual property of Maureen Kajuju

All Rights Reserved
This study sought to establish the effect of industrial distributors on the marketing performance of beer firms in Kenya, a case study of East Africa Breweries Limited (EABL). The study was guided by the following research questions: What is the effect of industrial distributors on the product component of the marketing mix at East African Breweries, Kenya?, What is the effect of industrial distributors on the price component of the marketing mix at East African Breweries, Kenya?, What is the effect of industrial distributors on the promotion component of the marketing mix at East African Breweries, Kenya? and What is the effect of industrial distributors on the place component of the marketing mix at East African Breweries, Kenya?

The study employed a descriptive research design. The population of the study were employees of EABL. The sampling frame was drawn from the EABL human resource department. The study targeted marketing, logistics, and management personnel and it used a probability sampling method (simple random) to select study participants into the sample. The sample size for the study included 61 respondents out of the total population of 122. Data collection was conducted using self-administered questionnaires, and data analysis was done both descriptively and inferentially majorly using the Statistical Package for Social Sciences (SPSS) tool, and MS Excel software programs.

The study showed that beers produced by EABL were of superior quality in the market since the firm employed some good level of product enhancement on its beers, Information sharing by distributors enabled EABL to better its product quality through quality monitoring of products. EABL conducted quality evaluation of its products, by undertaking initiatives to make their products better, which made their products gain a better appeal to the customers.

The study revealed that the feedback on prices of EABL’s beers was mostly positive since the firm’s cost structure allowed for competitive pricing of its products. EABL undertook market research to determine the most optimum price for its products, since the firm’s storage costs were not significant enough to affect product pricing. The opportunity cost of storing beer at EABL’s warehouses was not substantial to warrant a change of business model, and the price of their products was justified by the cost incurred during production.
The study indicated that the advertisements done about EABL beers were effective in encouraging retailers to stock the firm’s products, and their direct marketing, personal selling, and trade fairs were highly effective. The firm engaged in public relations as an element of promotion, as well as customer care service, which was a significant form of promotion in the firm. This was supported by promotional competitions organized by the firm to create a positive image of the company.

The study exhibited that EABL products were accessible to the whole of the Kenyan market, and customer orders on products were handled fast with minimal complaints. There were enough transport vehicles transporting EABLs’ merchandise in the market, ensuring that order delivery to retailers and customers was prompt. The firm managed the movement of their own stock in the market and this facilitated their consistency in delivery of orders.

The study concludes that EABL ensured that lots of after-sales services were given to customers buying their goods, which were measured by the quality standards of their products. The firm issued trade discounts as a cost related to distribution, it engaged in direct selling through industrial distributors. The company offered cash discounts to its customers as a sales promotion technique, and its distributors engaged in trade fairs as a sales promotion technique.

The study recommends that EABL managers to employ professional to manage the movement of their stock. This will protect the company from making mistakes while meeting their customer orders. This will also ensure that the firm acquires enough vessels that will facilitate the transportation of their merchandise in the market.
ACKNOWLEDGEMENT

First, my gratitude goes to the Almighty God for His grace and mercies throughout my academic journey.
Secondly, I would like to acknowledge my supervisor indefatigable Dr. Kefah Njenga for his guidance, support and compassion every step of the way to the successful completion of the project. Thirdly I would also like to thank the management of East Africa Breweries Limited and all employees for their support in this study
May the almighty God bless them all.
DEDICATION

I dedicate this research project report to my parents and family for their love, endless support and encouragement throughout my academic journey. Thank you very much. May the Almighty God bless you abundantly.
# TABLE OF CONTENTS

STUDENT'S DECLARATION ........................................................................................................ ii
COPYRIGHT .......................................................................................................................... iii
ABSTRACT ............................................................................................................................ iv
ACKNOWLEDGEMENT ......................................................................................................... vi
DEDICATION ......................................................................................................................... vii
TABLE OF CONTENTS ......................................................................................................... viii
LIST OF TABLES .................................................................................................................... x
LIST OF FIGURES ................................................................................................................ xi
LIST OF ABBREVIATIONS .................................................................................................... xii

CHAPTER ONE ..................................................................................................................... 1
1.0 INTRODUCTION ............................................................................................................. 1
1.1 Background of the Study ............................................................................................... 1
1.2 Statement of the Problem ............................................................................................. 5
1.3 General Objective ......................................................................................................... 6
1.4 Specific Objectives ....................................................................................................... 6
1.5 Significance of the Study ............................................................................................. 6
1.6 Scope of the Study ....................................................................................................... 7
1.7 Definition of Terms ..................................................................................................... 7
1.8 Chapter Summary ........................................................................................................ 7

CHAPTER TWO .................................................................................................................... 9
2.0 LITERATURE REVIEW ................................................................................................ 9
2.1 Introduction ................................................................................................................ 9
2.2 Product Component Marketing Mix and Performance ............................................. 9
2.3 Price Component Marketing Mix and Performance .................................................. 14
2.4 Promotion Component Marketing Mix and Performance ....................................... 19
2.5 Place Component of Marketing Mix and Performance ............................................. 24
2.6 Chapter Summary ...................................................................................................... 29
LIST OF TABLES

Table 3.1: Population Distribution .......................................................................................... 31
Table 3.2: Sample Size Distribution .......................................................................................... 33
Table 3.3: Cronbach Alpha Test Results .................................................................................. 34
Table 4.1: Descriptive Analysis for Product Component Marketing Mix Variables ............ 40
Table 4.2: Correlation Analysis of Product Component Marketing Mix Variables ............ 41
Table 4.3: Model Summary for Product Component Marketing Mix ................................... 42
Table 4.4: ANOVA for Product Component Marketing Mix .................................................. 42
Table 4.5 Regression Coefficients for Product Component Marketing Mix ......................... 43
Table 4.6: Descriptive Analysis for Price Component Marketing Mix Variables ............... 44
Table 4.7: Correlation Analysis of Price Component Marketing Mix Variables ................. 45
Table 4.8: Model Summary for Price Component Marketing Mix ....................................... 46
Table 4.9: ANOVA for Price Component Marketing Mix ...................................................... 46
Table 4.10: Regression Coefficients for Price Component Marketing Mix ......................... 47
Table 4.11: Descriptive Analysis for Promotion Component Marketing Mix Variables .. 48
Table 4.12: Correlation Analysis for Promotional Component Marketing Mix Variables 49
Table 4.13: Model Summary for Promotion Component Marketing Mix ............................ 50
Table 4.14: ANOVA for Promotion Component Marketing Mix .......................................... 50
Table 4.15: Regression Coefficients for Promotion Component Marketing Mix ............... 51
Table 4.16: Descriptive Analysis for Place Component Marketing Mix Variables .......... 52
Table 4.17: Correlation Analysis of Place Component Marketing Mix Variables ............... 53
Table 4.18: Model Summary for Place Component Marketing Mix .................................... 54
Table 4.19: ANOVA for Place Component Marketing Mix .................................................. 54
Table 4.20: Regression Coefficients for Place Component Marketing Mix ......................... 55
LIST OF FIGURES

Figure 4.1: Response Rate .................................................................................................................. 36
Figure 4.2: Gender ............................................................................................................................... 37
Figure 4.3: Age in Years .................................................................................................................... 37
Figure 4.4: Highest Academic-Level Attained ................................................................................. 38
Figure 4.5: Years with EABL ............................................................................................................. 38
LIST OF ABBREVIATIONS

3PL    Third Party Logistics
CVI    Content Validity Index
EABL   East Africa Breweries Limited
GDP    Gross Domestic Product
SPSS   Statistical Package for Social Sciences
US     United States
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

The market for alcoholic drinks continues to be one of the most lucrative in the world. The country with the most per capita consumption of alcohol is Czech Republic where it consumes an average of about 142 liters of beer per capita per annum (Ashenfelter, Hosken, & Weinberg, 2015). This is followed by Seychelles that consumes an average of 114 liters for the same period and units. In these and other leading countries in terms of their alcohol consumptions, beer firms have dominated the markets and established their networks especially in the function of distribution. According to Vrellas & Tsiotras (2015), the distribution of beer products in big markets is one that presents most beer producers with a logistical nightmare, and majority of them have considered a shift towards delegating this responsibility to third party industrial distributors.

The United States (US) is one such country where 70% of large-scale producers of beer engage the services of industrial distributors in supplying the market with these products. As it is noted in Elzinga (2011), US firms are evidence of the rising trend that is likely to be the next pattern of business model all over the world in the beer industry. The fragility of most beer bottles is thought to have been part of the motivation by beer producers to pass on the risk of breakage to third party logisticians and distributors. Industrial distributors in the US are reported in Argent (2017) to be more effective by saving producer of various costs that would otherwise been footed by the producers.

Europe is home to many global beer brands, and is therefore a reliable place from where distributor models of beers can be studied and emulated. Guinness is one such brand of beer that has its roots in Ireland, and has gone to be a global beer recognized for its unique look and taste (Foley, 2010). Because of the wide geographical locations in which the beer is produced and marketed, the firm prefers to elicit the services of industrial distributors that take the responsibility of supplying their respective markets with the product in question. It is one of the few attributes that have given the brand an international recognition because it is widely available by virtue of being handled by professional distributors in all markets (Waldron, Zhang, Nikolaou, Nurumbetov, Godfrey, & McEwan, 2014).
Another global brand that has its headquarters in Europe is Heineken. The brand hails from the Netherlands, and is popularly known for its sponsorship of the European Soccer Champions League (Geppert, Dörrenbächer, Gammelgaard, & Taplin, 2013). Just like Guinness, Heineken has also adopted the model of involving industrial distributors for its products. Such distributors are in charge of all logistical operations in the lower end of the supply chain. The model is said to have resulted in giving it competitive advantage since it has the space to focus on what is its core activity; continuously improving the quality of their beer. It is not surprising that their product is among the most prestigious beers in the world.

The Indian beer industry is also one from which one could borrow a leaf with regards to how its distribution is structured after beer products leave producers’ premises. The country is the third largest beer market by value as it is estimated to be worth about US $35 billion. Commanding a 55% market share of the industry is United Breweries with its most popular brand being Kingfishers (Ambrosi, Cardozo, & Tessaro, 2014). United Breweries adopt a similar distribution model as Heineken, probably because 42% of its ownership is by Heineken. Nevertheless, the model has proved to be effective in giving United Breweries market leadership to the extent that followers such as SABMiller India had to adopt a similar model.

The African beer market is growing by the day at an estimated average rate of 5% per annum. This makes it a potentially attractive market for beer producers (Campbell, De Beer, & Pei, 2011). In fact, the big four beer producers that have captured the market (Heineken, SABMiller, Castle, and Diageo) seem to be counting on this growth as they continue to establish prominence in the market. Other statistics are also in favor of investment into this market like the fact that Nigeria is set to become the world’s third most populous country by the year 2050 (Adegoke, 2017). International brands such as Heineken and SABMiller use industrial distributors thereby setting the pace for the rest of brewery brands in the continent. These trends also reflect similarly in Southern and parts of Central Africa.

The Kenyan beer industry is a highly contested market with competition coming from within and outside of the industry. Firms are continuously battling to get a bigger share of the 22.8% of men and 9.6% of women who consume alcohol in the country (Warui & Ngugi, 2013). Its attractiveness is manifested by the fact that the industry contributes to
6.5% of the Gross Domestic Product (GDP) of Kenya (Wachiuri, Waiganjo, & Oballah, 2015). For a company like East African Breweries, it faces industrial competition from other beer companies such as Keroche Breweries Ltd and Castle Lite. The threat of competition from close substitutes of beer such as wines and spirits have also posed significant challenges to the success of products marketed by East African Breweries (East African Breweries Ltd, 2018).

In recent years, an increasing number of manufacturing companies in Kenya have been forced to consider internationalizing their operations. As a major brewing company in Kenya, East Africa brewing Company is producing, manufacturing and exporting beer products out, Kenya is trying to transform its labor intensive manufacturing industry into a more competitive and internationalized one. However, there are still many uncertainties in the process of internationalization. The beer manufacturing industry in Kenya has continued to grow strongly for the last 10 years, mainly due to strong growth in emerging economies. This growth has made the beer company such as East Africa Breweries limited to venture into global markets (Adegoke, 2017).

The Kenyan brewing industry has a number of players with an earlier market study by Euro monitor having listed East African Breweries Limited as the leading beer company in Kenya, holding an 83% volume share in 2011. Its premium beer market has attracted interest, with players such as SABMiller and Heineken angling for a slice of the pie. Other players in the market include Keroche Industries, Ozbecco Ltd, brewers of Sierrabeers, and Viva Product Line Ltd, distributors of Corona (East African Standard, 2012). East Africa Breweries Limited competes in a market where rivalry is intense with a plethora of brands and sub brands occupying both the lower and upper tiers of the price continuum. Given the Kenyan diverse population base, wealth of natural resources and highly marketable and exploitative factors of endowment provides an opportunity to improve the overall value of the brands to its shareholders and equity partners. Significant economies of scale and scope can be gained in this developing country, especially where the need exists to maximize productivity and profitability (East African Standard, 2012).

One of the biggest challenges experienced in sales and marketing is in the distribution of products (Howard, 2014). The fact that the products are processed from one central location, it becomes a logistical bottleneck to ensure that these products are distributed all over the country. The place utility, which is also enshrined in the 4P’s of marketing is
therefore a central issue when it comes to the success of the firm and its brands (Heroux & Clark, 2017). By having some of the distributors as Third Party Logistics (3PL) such as DHL, the company is risking in having full control over how its products are supplied in the country. On the other hand, owning some of the distribution centers also means that it limits the professionalism that would have been instilled into the distribution system had it all been carried out by 3PL (Rajesh et al., 2011).

Industrial distributors present a company with a multifaceted challenge when marketing performance is low. According to Rushton, Croucher, & Baker (2014), when a product is underperforming in the market, it is quite hard to determine whether the problem is the quality of a product or the model of distribution is the one that is unsuitable. Xia, Xiao, & Zhang (2012) finds that matching a product with a suitable distribution model is one of growing areas of concern in the field of sales and marketing. Even surveys done on customers may not be able to accurately locate the problem since poor distribution may considerably have a negative impact on customer perception of the quality of a product (Akdeniz, Calantone, & Voorhees, 2013).

According to Gattorna (2010), excellence in distribution operations can have profound effect on a company's performance, but to achieve this goal companies need to look beyond traditional approaches to the distribution facility. Innovative approaches and solutions are now available to ensure that distribution is a value-adding component of the total supply chain. Firms that invest in superb distribution logistics can strongly influence their performance - reducing costs, increasing revenues and raising customer satisfaction. Such firms focus on their core businesses.

The most suitable theory to guide this study is the marketing 4Ps. This framework posits that the success of a marketing plan or initiative is hinged on the optimization of four major parameters namely product, price, promotion, and place components. Industrial distribution of products by EABL is considered to be a marketing initiative and can therefore be evaluated using the framework in question. The product element seeks to evaluate the quality of the product while price evaluates its cost. The third component is promotion which evaluates issues of public perception and awareness while the fourth parameter of place evaluates how well distributed and accessible the product in question is in the market (Tapp & Spotswood, 2013). This study therefore seeks to investigate how
industrial distribution contributes to the optimization of each of these four parameters that determine the marketing performance of a product.

1.2 Statement of the Problem

Due to rising competition in the Kenyan beer industry, firms are in constant need to change their business models to match market dynamics (Musia, 2013). One area that defines business models is distribution pattern adopted by a firm. The use of industrial distributors is slowly shaping the beer industry marketing landscape as more firms adopt it. The urge to adopt this model is however challenged by the fact that outbound logistics and marketing are part of primary activities in businesses and it is risky to outsource them to third parties. It is however proven by Wells (2016) that distribution is better left to experts who have a better understanding of the downstream supply chain.

The firms in Kenyan beer industry compete in marketing various brands of locally produced beer. Beer market growth is flat in all the three states due to economic hardships that have continued to affect beer industry, coupled with high taxes, stiff competition from other beverage sub sectors and low consumer spending (Evelyn & Margaret, 2005). It is also expressed in Ndung’u (2011) that a firm is better off concentrating on instilling quality in its products rather than getting caught in logistical bottlenecks in the lower end of the supply chain. Studies on this topic have given divergent outcomes and this presents management with a difficult decision to make at East African Breweries, which is engaging in a hybrid distribution system with its own warehouses and those owned and managed by third parties.

The beer industry in Kenya has a number of entities competing in marketing various brands of beer and wines. The dominant player in the industry is EABL (East African Breweries) whose market share is estimated to be about 50%. Other players in the industry include Keroche Breweries. The available body of knowledge has focused on how firm has had to deal with many changes in its competitive environment. Various studies have been done in Kenya, to examine strategies and competitiveness in the beer industry. These studies include, factors influencing selection of suppliers of raw materials in manufacturing industry in Kenya. A Case of EABL by Okello (2008), competitive strategies adopted by beer brewing firms in Kenya by, Mugwe (2008). These studies have not necessarily addressed the effect of industrial distributors on East African Breweries
marketing performance. Thus, there is need to examine the effect of industrial distributors in the marketing performance of beer firms in Kenya.

1.3 General Objective

The general objective of this study was to investigate effect of industrial distributors in the marketing performance of beer firms in Kenya.

1.4 Specific Objectives

1.4.1 To determine the relationship between product component marketing mix and performance of East African Breweries, Kenya?

1.4.2 To examine the relationship between price component marketing mix and performance of East African Breweries, Kenya?

1.4.3 To establish the relationship between promotion component marketing mix and performance of East African Breweries, Kenya?

1.4.4 To determine the relationship between place component marketing mix and performance of East African Breweries, Kenya?

1.5 Significance of the Study

1.5.1 Significance to Sales and Marketing Management

The sales and marketing department may benefit from this study since insights developed may shed light into how distributors influence the marketing performance of EABL. Recommendations may go a long way in ensuring that the department’s performance is above board.

1.5.2 Significance to Logistics Management

Logisticians both at EABL and its core industrial distributors may find this study interesting since it sought to establish the best business model with regards to distributing EABL’s merchandise to retailers.

1.5.3 Research Enthusiasts in Marketing and Logistics Fields

This study contributes to the growing body of literature related to two main disciplines namely marketing and logistics. The ultimate report may be a point of reference to future
researchers on the subject or a topic that has some relations with the one identified in this study.

1.6 Scope of the Study

The study was conducted at the headquarters of East African Breweries in Ruaraka, Nairobi. The target population for the study was 122. This number encompassed logistics, sales & marketing, and management personnel at East African Breweries. Marketing and Logistics personnel were selected because they had knowledge about distribution channels. Management personnel were expected to give their opinion regarding administrative issues relating to the variables of the study. The research was conducted in four months’ time between April and July 2019. Potential limitations of the study were that the company would refuse the research from being conducted. To handle this, the researcher sought permission from the company and provided the management with the research letter from the institution.

1.7 Definition of Terms

1.7.1 Industrial Distributor

It is a business that buys industrial products in bulk from a manufacturer and supplies them to other businesses that then use them for production, manufacturing, or for resell (Obaji, 2011).

1.7.2 Marketing

It is the action or business of promoting and selling products or services, including market research and advertising (Mollenkopf, Frankel, & Russo, 2011).

1.7.3 Logistics

It is the commercial activity of transporting goods to customers (Yue, Boichot, Luo, Gonthier, Chen, & Yuan, 2010).

1.8 Chapter Summary

This chapter has provided the fundamentals of the prospective study that intends to investigate the effect of industrial distributors on the marketing performance of East
African Breweries Limited. The research objectives sought to establish the effect of industrial distributors on the product, price, promotion, and place components of the marketing mix at East African Breweries. It has also covered the introduction, background to the study, statement of the problem, purpose of the study, research questions, justification of the study, scope of the study and definition of terms and variables in relation to the context. The second chapter reviews literature that is related to the topic under investigation, with respect to the research objectives established in this chapter. Chapter three focused on research methodology, and chapter four provided the results and findings of the study based on the study objectives. Chapter five is the discussion, conclusions and recommendations of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

The second chapter of the study compiles and reviews literature material that is pertinent to the objective of the study. For purposes of organization, it contains four major sections reflecting the study research questions detailing the effect of industrial distributors on 1) product, 2) price, 3) promotion, and 4) place components of the marketing mix.

2.2 Product Component Marketing Mix and Performance

The product component of the marketing mix encompasses (among other factors) the quality of a product and how convenient it is to the end user. Industrial distributors are instrumental in enhancing the integrity of a product through providing user reviews to the producer (Vrellas & Tsiotras, 2015). Such supply chain partners are said to be more effective in providing this feedback to manufacturing firms because it is the source of their competitiveness.

2.2.1 Product Quality

According to Olsson, Gadde, & Hulthén (2013), distributors are not directly in charge of instilling quality into a product, and they rely on producers to undertake this role. However, they are the ones that receive the most criticism since they are lower than producers in the supply chain. Their success of their businesses is therefore hinged on the quality of products, and they work tirelessly to ensure that the producers play their role (Vrellas & Tsiotras, 2015). Most of them undertake extensive consumer research into their tastes and preferences. Later on, they forward their findings to producers for them to tailor their production processes accordingly.

Indeed, producers can undertake their own market research initiatives into understanding what consumers want or prefer. Producers are however disadvantaged because of the high position in the supply chain (Obaji, 2011). They have been shielded from their consumers by several layers of distributors and they are consequently relatively less sensitive. By default, consumers cannot talk directly to producers but instead share their concerns with retailers and distributors. Only a handful of people would have the audacity to raise their
concerns with the actual company that is doing the manufacturing. With respect to the research conducted by Ross (2015), firms that engage their distributors in collecting feedback from consumers are more effective in enhancing the quality of their products.

Dent (2011) argues that the relationship between industrial distributors and their respective producers is healthy because it leads to sharing information on how to better product quality. Both sides have complimentary roles to play in the process of instilling quality into a product. In some situations, producers have industrial distributors among the members of their quality monitoring and evaluation teams. This is a comprehensive approach geared towards unearthing the causes of poor quality in firms as it may be the case if it is left unattended to. Hulthén & Mattsson (2010) find that 2 in every 3 producers tend to include representatives from industrial distributors as in monitoring and evaluation programs. The effect of this program is said to be positive especially when such initiatives are undertaken periodically.

The quality of products is also said to be influenced by industrial distributors by having them check the products after they have received them (Elzinga, 2011). In other configurations that are devoid of industrial distributors, producers send products to retailers, who do very little of inspection and not to the level of detail that industrial distributors do. The underlying reason is that when a mistake is done at such a high level of distribution, its effect will be felt far and wide. The producers are one point of distribution, but there is still need for another high level of distribution such as industrial distributors where high level inspection of products’ integrity is also done (Olsson, Gadde, & Hulthén, 2013). If mistakes discovered at this level, it will help in shielding consumers of possible lack of quality in products.

Still in enhancing quality, industrial distributors are observed in Dong, Tse, & Hung (2010) to be as a determinant on whether a firm has good quality products. Usually, a producer with good quality products is courted by many industrial distributors compared to those that manufacture products of questionable quality. It is the prerogative of a distributor with regards to how many producers it is willing to distribute for (Chen & Shieh, 2016). The implication is that a producer with several industrial distributors interested in doing business with it is an indication that its products are of high quality and that they have been accepted in the market. If the contrary is true, it stands as a
challenge for the producer in question to realign its production processes to match market expectations.

Toro-González, McCluskey, & Mittelhammer (2014) note that distribution is a distinct function carried out mostly by producers and it costs them greatly in terms of financial and manpower allocation. Because it is not part of core operational activities carried out by a firm, it is prudent that it is outsourced to other firms that can readily carry it out. Wyld, Pugh, & Tyrrall (2010) considers this business model quite beneficial because it leads to professionalism in how the merchandise is distributed down the downstream supply chain than if the responsibility stops with the producer. Even more importantly, the source opines that such a model allows the producer to concentrate on what really matters; which is about enhancing quality in the products it manufactures. This is now possible because the scope of focus and attention is narrower with the responsibility of distributorship taken off their shoulders.

2.2.2 Product Enhancement

Industrial distributors are not only tasked with the responsibility of distributing manufactured products to consumers and retailers (Ashenfelter, Hosken, & Weinberg, 2015). Some of them undertake their own initiatives that include bundling these products with others so that they can be better appealing to retailers. While this is usually in conjunction with producers, it is usually distributors that end up creatively bundling the products. This is because, some of these products may be coming from different producers and thus need to be bundled at distributorship levels. Industrial distributors tend to discharge this responsibility by determining products that are compatible with each other and thus making it convenient for the end consumer to use it (Kurtz & Clements, 2013).

Product enhancement may also be in the form of offering convenience to lower end supply chain members. Distributors make it possible for consumers to enjoy these products by breaking them down into convenient sizes that the producers would have been too inconvenienced to do (Asker, 2016). The units being sold at distributor level are smaller than those at which they were sold at by their producers. Convenience is one of product’s quality qualities that need to be implicit in a product for it to appeal to retailers and customers. The scale of hauling at the producer-distributor level is not similar to the
scale of hauling that occurs in distributor-retailer, since retailers are not equipped to handle large scale merchandise. By breaking them down, distributors accord retailers and other lower members of the supply chain some amount of convenience (Gilliland & Kim, 2014).

In some cases, albeit a few, distributors are accorded by producers the right to repack products. It depends on the contracts of consignment agreed between the two parties (Chen & Shieh, 2016). Most of these agreements allow distributors to use their discretion to repackage the products so that they fit the purpose for which the producer meant it for. In these cases, distributors try as much to ensure that by repackaging them, they are adding more value to consumers by providing them with convenience and aesthetics. Repackaging is only unlawful if the contract signed between the distributor and the producer explicitly forbids such an activity (Ross, 2015). More and more firms are accepting these terms from their distributors because they are near customers and they know how well consumers wish their products to be packaged. It has been considered by many to be a source of competitive advantage in some industries.

2.2.3 After Sales Service

After sales services are services that are offered to customers after the sale of a product. Under the terms of sale, a seller may be required to stand by their product for a certain period of time to provide installation, repair, and maintenance operations (Dent, 2011). Depending on the original agreement and nature of goods being sold, a customer may have to pay for after sales services provide to them by the seller. Most technical products require support while non-technical products do not usually have similar requirements. Some after sales services may have to be requested for by the customer while others are known to be mandatory. Anhalt (2016) finds the role played by after sales service to be highly impactful on customers’ perception of the product being sold. When a customer has the assurance that the seller is willing to stand by their product in case it fails or to provide regular technical support, they are more likely to be satisfied from the usage of that product.

Industrial distributors play an important role in performing after sales services when the producer does not have the resources to traverse the sales region in response to a customer that needs these services (Achroll & Kotler, 2014). The advantage enjoyed by
industrial distributors is that they have a wide network of reach out, in which case they are highly effective when it comes to their responsiveness to these requests. This is especially the case when it comes to repairs and maintenance. There is no proper algorithm to determine when an item may require repair and maintenance operations and therefore, it is a herculean task for a producer to consider single handedly cater for this need. Instead, a producer engages industrial distributors who are nearer to the end user compared to the producer’s position in the supply chain (Dent, 2011).

After sales services in the beer industry majorly come in the form of transportation of products to the customers’ premises. According to Asker (2016), most retailers do not have the mobility means to haul large quantities of this product from producers to their premises and therefore, they depend on the producer to do this for them. Due to the fragility of the beer bottles, it is highly risky for retailers to seek transporting their merchandise on their own and they prefer the risk to remain with the seller. Similarly, the producer would be risking if it undertakes to transport this product to retailers since breakage may happen. Certainly, this process needs to be undertaken by a professional firm that specializes in hauling this kind of product. It is here that industrial distributors come into the scene. They offer to responsibly transport beer from producers to their sound depots, from where they can sell and transport it to the customer safely and with minimal casualties (Kurtz & Clements, 2013). In this way, the integrity of the product is protected due to the level of professionalism implicit in industrial distributors.

2.2.4 Management of Sales Returns

As a producer, a firm expects some of its products to be returned to them. This may turn out to be the case if the product in question is faulty or fails to perform to a consumer’s expectation (Mollenkopf, Frankel, & Russo, 2011). Producers rarely have an established network that can allow convenient and timely return of merchandise after it has been delivered to a customer (retailers and consumers). However, industrial distributors tend to have this established network that is instrumental in facilitating the management of returns inwards. At times, producers even have an understanding with distributors that they are to be responsible for all return’s inwards from customers, and in so doing give them some discount to make up for the prospective possible returns (Gu, Kim, Tse, & Wang, 2010). In this model, a producer is shielded from losses and inconveniences brought about by returns from customers. It can be viewed as the firm having outsourced
the function of managing returns to the distributors, and in exchange paying them with discounts.

It is quite difficult for a producer to invest in reverse logistics. Investing in reverse logistics is a term in supply chain management and marketing referring to the management of returns from customers without them reaching the producer again (Peltoniemi, 2015). Most of this is handled in other premises of the shop or its distributors. It happens when the reason for the return is not substantial enough to warrant the product being returned to the producer. A good example is if the order delivered is greater than what was specified in the invoice. In some cases, the specification of the goods delivered themselves may be in conflict with what was ordered for. Without the intervention of industrial distributors, the goods may need to be taken back to the factory and others issued in their replacement (Lambert & Schwieterman, 2012). However, due to the distributors’ investment in reverse logistics, the returns remain in the custody of the distributor, and it is the distributor who issues the customer with the right specification of required goods. It is convenient to the producer and even more importantly to the customers.

### 2.3 Price Component Marketing Mix and Performance

The price component of the marketing mix envisages various factors that are financial in nature and which all contribute to the price of the end product. The argument is that the price of a product needs to be justified by the cost incurred by the producer and customer willingness to pay. Profit or loss is the difference between customer’s willingness to pay and the cost incurred by the producer (Gilliland & Kim, 2014). In a profit situation, it is envisioned that customer willingness to pay is higher than the costs incurred by a business to manufacture a unit product. If this is not the case, the business suffers losses or they may break even at best. Some of the ways that industrial distributors improve the price component of the marketing mix is through feedback on price reactions, exempting the company of transportation costs, and the exemption of storage costs (Cannatelli, Pedrini, & Grumo, 2017).

#### 2.3.1 Feedback on Price Reactions in the Market

While the producer sells only its products, industrial distributors may be dealing with more than a single producer (Cannatelli, Pedrini, & Grumo, 2017). Consequently, they
have a clearer view of the price wars that the industry is facing and are in a good position to advise firms on how best they should cost their production. Even more importantly is the fact that distributors brush shoulders with retailers and therefore get more direct feedback from customers. Some of this feedback is regarding the prices of the products being sold to them. When distributors share these responses with the producer, the latter can make amendments in its cost structure so that it aligns itself to the expectations of customers (Argent, 2017).

Indeed, producers can undertake market research to determine the most optimum price for a particular product or product line (Tapp & Spotswood, 2013). However, these research activities will also be costly to them since they are carried out for a long time. These costs will also be reflected in the price of the end product, and it would not have helped much. It is better to get such data from another party that also has a stake in the price of the manufactured products. Furthermore, when this report comes from industrial distributors, it is well detailed and refined so that the firm does not have to carry out additional tests or perform additional analysis on it (Gilliland & Kim, 2014). This saves the company costs in the research and development department, which is usually tasked with undertaking market research activities on behalf of the organization. Instead of overstaffing the department and having to pay hefty salaries to its members, it would be more prudent to keep an optimal staff size that received reports from distributors and also undertake minimal research activities.

2.3.2 Exemption of Costs Related to Distribution

Anhalt (2016) notes that the cost of distribution sometimes covers the cost of packaging in some products. This may be costly for a producer since it has to purchase packaging materials and also pay for the labor deployed to package the products in question. Even when packaging is done by machines, it also implies that the producer will need to foot the bill for such capital expenditure, which is usually quite expensive. When this role is left to the distributor, it relieves the company of these unnecessary costs and thus improves its cost effectiveness. The cost savings made as a result are then reflected in the ultimate price to be charged to the end customer (Lafontaine & Slade, 2010). Distributor packaging systems are more efficient because it is part of their core activities, and therefore there will still be some cost savings in this approach.
Another cost related to distribution is the issuance of trade discounts. As a producer, it is quite difficult for the firm to have to deal with lots of customer requests for trade discounts. The sales wing of the firm may be overwhelmed by the avalanche of these requests (Marquardt, 2013). In order to relieve the department of the need to vet requests for trade discounts or even having to issue them at all, there is need to engage industrial distributors in the process of supplying end products to retailers. In this case, discounts can only be issued to a few distributors, who can then negotiate with retailers on their own terms. Discounts tend to reduce on a firm’s profitability when they are issued recklessly. By assigning this responsibility to industrial distributors, the producer will essentially be offloading the burden of having to offer many discounts to different people. As Jiang & Sokol (2015) find, these cost savings made in the process can be factored into the price and allow retailers to obtain company products at a lower cost.

Producers that deal with many retailers by virtue of selling directly to them face the problem of having to follow up of outstanding debts. (Einav & Levin, 2010) These costs may at times be inconveniencing since sales people may be compelled to travel to the retailers or make calls to make follow ups on when customer debts are due. The worst-case scenario is that some of these debts may end up not being paid, say for example when a company is declared bankrupt, thereby forcing the producer to write them off as bad debts. By using industrial distributors as the conveyor belt between the company and retailers, the producer is shielding itself from potential losses coming from outstanding and bad debts (Sana, 2011). The company will only have to be vetting a few industrial distributors and not the many retailers in the market where it is easier to make mistakes during vetting. This model shields the business from losses arising from bad debts.

Another cost related to distributing of merchandise is transport. For a beer company to operate effectively, it needs to have several delivery vehicles that facilitate the transportation of beer products from the point of processing to retailers (Hulthén & Mattsson, 2010). Unfortunately, this is not the only cost item since there is need to fuel the vehicles and wages for drivers and members of delivery teams. The vehicles also need regular maintenance thereby bringing the total cost of transport quite costly. Firms that engage the services of industrial distributors only need a few vehicles since they are only responsible for a few deliveries; majority of transportation costs are catered by the distributors. According to Wan, Dresner, & Evers (2014), in a business model where
industrial distributors are involved, an average of 80% of transportation costs are catered for by the distributors. The same study notes that transporting using industrial distributors is 14% more efficient than when a producer assumes the role of transporting its merchandize. The reason given for this trend is that industrial distributors are mostly organized and they properly schedule their transportation endeavors as opposed to producers who may transport any amount of merchandise at any time without considering the cost implications.

Another cost related to distributing merchandize that a producer is exempted from by virtue of having engaged the services of industrial distributors is direct selling expenses. According to Dent (2011), any expense made towards selling the product to the target customer is a direct selling. Many producers, wholesalers, and distributors carry out direct selling in the regions that they want to expand. They also would like to know the distribution cost of that region. Thus, they consider all direct selling expenses as the primary expense made by the firm. Having been exempted these costs, a producer does not need to have many sales people in the field lobbying for customers to buy. All they need is a small group of sales people that will be dealing with the industrial distributors, and then these distributors will be in charge of sales while the firm takes care of marketing. This exempts the company from wages of a bloated sales staff and these savings could also be carried forward and reflected in the price (Matsa, 2011).

2.3.3 Exemption of Storage, Handling, and Opportunity Costs

Storage and handling costs are estimated by Obaji (2011) to be about 2% of total costs of a product, but they are still important to be considered by firms especially in bootstrapping mode. One such cost is in storage and warehousing, where finished products have to be kept awaiting shipment to retailers. Storage is important because it is rather to produce merchandise in exact quantities as the market demands. Therefore, the stock that remains unsold is left in the stores of a producer. The space that it occupies may require to be powered for the products to be in good condition. But even the space occupied by the stored items may be costly to the company if it has been rented since it has to be paid for periodically. Engaging industrial distributors means that some of the firm’s finished products will be stored by the distributor away from the premises of the producer (Sana, 2011). The implication is that only little space is required in the way of
storage and warehousing facilities. It further translates to significant cost savings on rent, power, and other cost aspects.

Another type of cost related to storage is security of merchandise. Indeed, a firm spends lots of resources in creating finished products, and when they are ready and stored, there needs to be some assurance that the merchandise is safe. Security guards are hired to keep vigil on the merchandise to prevent unauthorized access that may tamper with it. While most people tend to believe that theft is organized and operated from the outside, research has shown the internal members are the most dangerous when it comes to the security of a firm’s property (Ross, 2015). Some even collude with outsiders to make it possible for the outsiders to access business premises and steal merchandise. This means that a producer must incur costs to prevent such eventualities because the outcomes of not installing security apparatus are unthinkable. Security systems do not only imply the physical presence of security guards but also access controls and surveillance systems in the said stores. According to Lee, Son, & Lee (2012), theft accounts for 6% of overall losses that are experienced in manufacturing firms, and they constitute an average of 64% of the category of expenses known as normal losses. If this merchandise is stored by industrial distributors, these losses will be reduced and the savings carried forward to positively impact the ultimate prices charged on customers.

The study by Argent (2017) laments handling costs as being significant enough to warrant a producer to consider keeping their finished products with industrial distributors. According to the source, handling costs include the costs incurred when the goods have to be moved from one store to another or when returns have to be readmitted into the stores. A lot of manpower is needed in such operations and a firm may end up spending much in the way of recruiting adequate personnel to oversee and carry out these operations. This is not the case with industrial distributors since materials handling costs are only for stock moving into and out of the store to customers and from the producer (Wan, Dresner, & Evers, 2014). There is little internal movement since they do not have production facilities where stock constantly comes into the stores and warehouses. Therefore, handling costs are significantly reduced and this positively impacts the price component of the enterprise’s marketing mix.
Peltoniemi (2015) considers the effect of industrial distributors on managing opportunity costs. As it has already been established in previous studies reviewed above, space is an economic resource that is limited and its use. For producers, some of them pay rent to use the space they have for storage. The opportunity cost for these rental charges could have been put elsewhere where it could have resulted in real financial benefits. The space in question could also be used to expand the production floor of the producer instead of remaining idle as a storage area. Indeed, storage is also an important process in the production of tangible goods (Ambrosi, Cardozo, & Tessaro, 2014). However, if it could be done elsewhere, it would facilitate even more profitable usage of the factory. The end result is a production process that is not only more sustainable but also much more efficient. For this reason, a producer would make savings that could also be reflected in the price of goods being produced.

2.4 Promotion Component Marketing Mix and Performance

According to Hinterhuber & Hinterhuber (2012), allowing distributors to take over some of a producer’s marketing functions lets you focus on manufacturing the products that most completely meet the needs of your customers. Within the distributor relationship, the distributor can carry out specific tasks that help with overall business performance. The key is to evaluate which of your functions the distributor can fulfill more effectively and at lower cost.

2.4.1 Industrial Distributors and Advertising

With respect to the study by Rodriguez-Baez & Fish (2015), advertising is much more effective at the distributor level if such a promotional plan is towards influencing the buying decisions of a certain group of retailers for a particular product or product line. Because distributors are closer to retailers, they have the knowhow on how to convince them to buy more of a certain product and therefore advertising at this level is thought to be prudent in such cases. In fact, Argent (2017) argues that when distributors undertake advertising, it becomes less costly and more effective than the generic advertisements done by producers. One reason given for this argument is that when producers have to advertise, they are compelled to reach out to all customers and retailers alike and from all regions covered by their product reach. However, at distributor level, advertisement is
only done where it is considered to be needed; for example, where products seem to be moving rather slow.

While advertisement at producer level seeks to capture the attention of end users, the one at distributor level seeks to capture the interest of retailers. Retailers are the link between distributors/ producers and end users, and they are also an important link in the supply chain (Castro & Shaikh, 2018). The kind of advertisement that is targeted at retailers is a bit different from the usual advertisements meant for end users. For instance, these advertisements usually include details of how profitable the retailer is going to be by considering stocking a certain product. This is described in terms of profit margins and how stocking the item may lead to increased sales for other complementary products. By underscoring the need for retailers to be adequately incentivized by selling the marketed products, advertisement at this level of the supply chain creates a push for products down the supply chain. Obaji (2011) however argues that this form of advertisement works best if complemented by the generic advertisements targeting customers so that there are both push and pull forces.

2.4.2 Industrial Distributors’ Role in Public Relations

Public relation is an element of promotion that seeks to create a positive image to the public so that a firm and its brands can be more appealing to customers (Olsson, Gadde, & Hulthén, 2013). It is usually part of marketing initiatives, but may be a department on its own especially in big companies. It continually seeks to accurately position the firm’s brands to the consumer so that they become uniquely different from the rest of products found in the market. Because of this purpose, public relations play an important role in enhancing the competitive advantage of a product, product line, and the firm in question by creating and affirming positive impressions that last for long in the minds of consumers (Achroll & Kotler, 2014).

One way of managing public relations among distributors is to have a customer care service for retailers that are served at a certain point. Most industrial distributors have these desks and call center numbers that retailers use periodically to enquire for information. The surprising thing is that most of the information being sought is not about how the company distributes the products, but about the products themselves (Campbell, De Beer, & Pei, 2011). In other words, they are compelled to answer to questions that are
conventionally supposed to be responded to by the producer. If a distributor faults and provides wrong information, it will go a long way in disorienting customers about the company even though it is only the distributor who answered to the questions asked. Todor (2015) argues that only trusted distributors should be charged with customer care responsibilities, and even then, should they be asked a question they cannot answer, they should always refer the one asking to the producer. Still as a promotional technique, distributors play the role of being a point of liaison between producers and members of the lower end of the supply chain. Most producers organize promotional competitions that seek to create a positive image of the company in the minds of consumers (Dong, Tse, & Hung, 2010). For instance, a firm may have a reward program for its customers but since it would be inconveniencing for customers to travel to the producer’s premises, their rewards are given to them at their nearest distributors. Industrial distributors are specifically preferred because of their wide network coverage across regions. This is in fact the case with international producers because of the fact that they have a wide geographical area of coverage, thereby making it difficult to conveniently reward its customers when they win. Distributors also play the role of popularizing reward programs to regional customers (Tapp & Spotswood, 2013).

2.4.3 Industrial Distributors and Sales Promotion

Sales promotions refer to the various techniques employed by businesses in attempting to boost sales. It is designed to persuade potential customers to consider buying a product. It can also be used on current customers to lure them into buying more of a given product. The research by Todor (2015) indicates that firms partaking in intensive sales promotion activities tend to have 13% more likelihood of success, and majority of them report increasing trends in the volume of sales in subsequent financial periods. However, promotional techniques come at a cost, and the firm in question might need to invest substantially in order to design and implement promotional strategies in a market. There are many sales promotional techniques that are being applied by industrial distributors, but the most prominent ones are trade discounts and trade fairs.

Sales discounts are price reductions accorded to certain customers for a particular reason. Most sellers offer quantity discounts to encourage customers to buy larger quantities of a product while others offer cash discounts to encourage prompt payment for goods bought (Wyld, Pugh, & Tyrrall, 2010). Even in credit sales, some of the terms may include the
issuance of a discount should the customer manage to pay within a stipulated period. Because of the fact that industrial distributors are the primary selling points for merchandise produced by a firm, they are the ones that can effectively implement these discount policies on behalf of the company. The study by Keshavarz (2014) finds that the effect of distributor issuing quantity discounts to retailers on sales performance is at an R Squared coefficient of 0.66. These findings indicate that when distributors issue quantity discounts, there is a 66% chance of increasing payment compliance from retailers.

Distributors may also engage in trade fairs as a sales promotion technique (Gu, Kim, Tse, & Wang, 2010). For each industry, there are many exhibitions that take place mostly on an annual basis. Because of the wide spread movements involved when it comes from moving from one exhibition to another, some producers find it quite tasking. Some even liaise with industrial distributors to organize these trade fairs and the costs are thus shared. Distributors bring to the table their network and knowledge of the customer base, while the producer provides the actual products to be showcased. Cantonnet, Aldasoro, & Cilleruelo (2015) considers partnerships between these two parties to be 20% more formidable in trade fairs compared to a situation where only the producer attempts to delve into participating in the said trade fairs.

2.4.4 Industrial Distributors and Direct Marketing

Direct marketing is an approach to marketing communication where companies send information directly to their target consumers (Lee, Son, & Lee, 2012). With direct marketing, there is no middleman, such as a radio station or a TV network. Instead, companies give information directly to consumers in the form of mailers, fliers and catalogs. In recent years, direct marketing has also expanded to include emails, text messages and even social media platforms like Facebook. Online, companies send out targeted emails alerting customers to an upcoming sale, using data from customers' past online purchases to determine which specific products to highlight in the email (Keshavarz, 2014). Similarly, a retailer sends emails with a specific coupon code that can be used for a discount on an online purchase.

With the advent of technological innovation, direct marketing is becoming simpler to accomplish by use of online channels. Currently, social media tops the online channels list for reaching out to customers. According to Matsa (2011), 81% of businesses use
some sort of social media marketing to popularize their products online. For large scale producers, the big question would be to determine if there is a difference between the impact of social media direct marketing done by the producer and the one done by industrial distributor. According to Foley (2010), the distributor’s role is more pronounced because of their inherent responsiveness by virtue of them being a sales organization. A producer has more concerns related to production and might not be able to effectively undertake direct marketing activities.

Despite technological advancement described above, direct marketing efforts are still being made through generic means such as brochures, catalogues, and flyers. These forms of communication are a more physical means through which the seller and buyer interact (Sega, Tashiro, Ito, & Tsukamoto, 2014). The fact that they have visual and graphical completion adds a layer of effectiveness to their marketing campaigns. Targeting the retailers with whom to issue these communication documents with can be tasking for a producer. The number of printed flyers, brochures, catalogues, and the number of staff members to be assigned to this role might be too much for a producer to manage. However, with the coming in of distributors, all the producer needs to do is to prepare the communication documents and the responsibility of passing the information to retailers will be accomplished by distributors on their behalf (Kurtz & Clements, 2013).

2.4.5 Industrial Distributors and Personal Selling

Personal selling is an approach that requires a salesperson to communicate directly with a potential customer, whereas direct marketing occurs when companies send information directly to consumers (Jiang & Sokol, 2015). The reasoning behind personal selling is that a customer is more likely to buy something from a person that he has a positive relationship with, and whom he trusts to provide accurate information. Though personal selling often occurs in person or by phone, many companies today are experimenting with other means of communication. Some companies use social media platforms such as Facebook and Instagram, as well as email, to build personal relationships with customers that can ultimately lead to sales. Industrial distributors are continuously partaking in personal selling because of the increasing importance creating a positive relationship with its customers; in this case the retailers (Sana, 2011).
In the beer industry, a distributor may devote some of its staffs to be at a retail shop (supermarkets) where they participate in interacting with customers. In this way, the retailer will have been given some relief of having to field its agents on such shelves since it is already well taken care of by the industrial distributor in charge. According to Achroll & Kotler (2014), this model of operation is not only convenient for the retailer but also gives more accurate information about products since the members assigned to stand by the products come from the industrial distributor. The source claims that companies engaging in this kind of personal selling tend to positively influence their relationship with retailers by an R Squared coefficient of 0.33 (Lee, Son, & Lee, 2012). The implication is that a firm a distributor operating in this fashion increases their sales by 33% relative to if they had not considered personal selling.

Indeed, producers also tend to practice personal selling in the same fashion. However, it is quite inconveniencing for them because they do not have the manpower to do so. Furthermore, they have a wide geographical area to cover, and therefore their efforts may be in futility or even cause conflicts (Cannatelli, Pedrini, & Grumo, 2017). Most producers that engage in this business model of personal selling by deploying support staffs in retailers do so through marketing proxies outsourced. The disadvantage with these proxies is that they do not have adequate information about the products being sold and may end up giving up misleading information when they are confronted with tough questions from customers. On the other hand, distributors have more knowledge about the products because they are operating in that industry and they are fully aware of competing products and how they could still persuade customers to buy the brand they are selling (Tapp & Spotswood, 2013).

2.5 Place Component of Marketing Mix and Performance

Place refers to product accessibility to potential customers. Choosing retailers like Amazon could enhance coverage when a producer is trying to turn a brand into a household name, but limiting coverage could demonstrate scarcity, as in the extreme case of diamonds, where controlled scarcity drives up prices. The key factor is to understand a target audience, which will help a marketing specialist position the product in the channel that is most accessible to potential buyers. This "P" recently evolved with the introduction of e-commerce. Deciding whether or not to sell a product on a website could significantly affect a producer’s relationship with distributors. Placing a product on Amazon is a great
way to gain awareness toward a product, and it can also act as a tool to ensure credibility due to trusted reviews.

2.5.1 Industrial Distributors and Product Accessibility

When the place component of the marketing mix comes to question, the issue of accessibility comes to the fore. It is the dream of every producer to have their products accessible to all despite their geographical location (Elzinga, 2011). It is for this reason that the sale of these products is decentralized, otherwise they would be sold at producers’ premises. There is a big challenge in ensuring that this happens due to the basic fact that a producer might not have the technical knowhow and ability to avail merchandise where it is needed. Industrial distributors have this advantage since they primarily engage in the business of bringing products to retailers and consumers. They can easily craft strategies that will see a product benefit from an increased exposure to potential and current customers. While producers continually strategize to make products to be of better quality, distributors craft strategies that see the market further open and increase product reach to the furthest consumers (Chen & Shieh, 2016). When these roles are undertaken by the specified parties, chances of success significantly increase.

Accessibility of a product is viewed by Mollenkopf, Frankel, & Russo (2011) with respect to how a firm offers its products on online platforms. It is not a secret that many producers are opting for omnichannel marketing where all its marketing and sales channels are integrated into a single platform that satisfies all these needs. Managing all the aspects of this model is however quite tasking. For this reason, producers have resorted to delegating the distribution aspects of the system to industrial distributors, where each one of them has an account with the portal from where they can manage to influence movement of merchandise from the producer’s warehouses to their own and ultimately to their customers (Yue, Boichot, Luo, Gonthier, Chen, & Yuan, 2010). In this case, a distributor needs not to complete lots of paperwork since authentication by online systems is already sufficient and that soft copies of documents and records are already shared on the portal.

In Asker (2016), it is argued that online systems for distribution of company products are better off managed by the producer than leaving it to third parties. The source finds that online systems delivery systems came in order to rid the system of the flaws that come
with intermediaries. Therefore, introducing distributors again to a system that was built to make them irrelevant it goes against the original intention of the system’s design. In support of this notion is the research conducted by Peltoniemi (2015) where it was suggested that business models where online systems of delivery are involved should be maintained by one party preferably the producer. The reasoning behind this is that such a function is too critical to be entrusted to third parties. Furthermore, being the owners of the systems, it is only logical that they maintain their control and administration. These studies are however silent on whether it would still be wrong if the systems in question is owned and controlled by distributors. They are also silent on whether this approach slows down the delivery of merchandise to retailers and customers.

2.5.2 Mobility and Responsiveness to Orders

The natural expectation that retailers have is that once they have ordered to be served with merchandise, such will be availed to them within the shortest time possible. This is not the case in some situations especially those that involve the producer ferrying their own merchandise (Lee, Son, & Lee, 2012). Their mobility is limited because of the central location of their production plants. By bringing in the services of an industrial distributor, a producer is assured of the fact that their retailers (customers) will be served in a more professional fashion since such parties are highly mobile and they know their market well. Because of their well-orchestrated logistical plans, such firms can deliver multiple orders to a single business premises without any mix-up. Furthermore, they can also coordinate the transportation of merchandise to more locations than a producer would be able to do. For this reason, Keshavarz (2014) finds them more convenient and effective by virtue of them being significantly more mobile since this quality is not inherently laced in the models where producers ship their own merchandise to retailers and other customers.

Burgess (2011) argues that it is rather impossible for a large-scale producer to remain responsive to orders if they do not outsource the distributary function to third parties. The study posits that when third party logisticians such as industrial distributors undertake the responsibility of distributing merchandise, retailers can be sure of faster deliveries of orders even when they are made on short notice. Such distributors usually have depots in all major towns and also have enough transport vessels to allow them to respond to orders made in real time. These are facilities that producers may not have especially all-round
the country (Lafontaine & Slade, 2010). The usual model of business when producers adopt when they take care of distributing their own merchandise is to have movement of vehicles from production premises to retailers. They may also have a few warehouses in some towns majorly those from which most of its orders come. The rest of the market is treated as secondary, and so are their orders. It is therefore quite difficult for producers ferrying their own merchandise to have a high degree of responsiveness especially when dealing with what they classify as secondary markets.

2.5.3 Capacity to Traverse in Big Markets

The capacity of a distributor to traverse large markets can be conceptualized into three factors of the number of transport vessels, expertise of delivery specialists with regional dynamics, and handling of far and wide orders (Vrellas & Tsiotras, 2015). The first item regarding the number or transport vessels that a distributor is in possession of is a prominent consideration when it comes to estimating their effectiveness. During peak seasons, the number of orders made significantly goes up and a distributor has to keep up with this trend lest it loses out on some customers due to consistent failed promises to deliver. When a producer manages the movement of their own stock in the market, they are likely to face challenges during such seasons because they might not be in possession of enough vessels to facilitate the transportation of the merchandise bought or ordered by retailers/ customers (Waldron, Zhang, Nikolaou, Nurumbetov, Godfrey, & McEwan, 2014). Industrial distributors are built for these seasons because they have enough vessels to handle all possible heavy orders during high seasons.

Big markets also need delivery personnel that are well conversant with the market in question. Lots of confusion arises when amateurs are allowed to take charge of distributing and delivering merchandise to retailers. Because there is little vetting of drivers and delivery personnel by producers, they are at risk of recruiting unprofessional teams for this purpose. Consequently, the teams may fail to understand the dynamics of the transport network in the market. One example given in Hinterhuber & Hinterhuber (2012) is that drivers who are conversant with roads in a certain area would know what roads are impassable during rainy seasons and thereby taking measures to pursue alternative routes to the same destination. These are tricks that are mostly learned in professional distributors such as industrial distributors. Due to their central location, drivers from producers are not likely to have an informed understanding of the nature of
road networks especially in remote areas far away from the producer’s premises (Marquardt, 2013).

At times, orders may be made from far-away places such as international territories where a producer has little knowledge of their geography (Gu, Kim, Tse, & Wang, 2010). When the producer goes ahead to take responsibility of delivering merchandise in alien locations, they are risking a lot especially in terms of the time it would take and security of the merchandise itself. There is also the possibility of that if at all such orders might be returned to them in case the products are found to faulty in one way or another (Mollenkopf, Frankel, & Russo, 2011). Should this be the case, the producer would have to bear the cost of transporting these goods back to their premises and shipping the actual items specified in the order. This back and forth movements of goods can be very inconveniencing to a firm that is traditionally a producer in big markets. However, if the shipment is being done by industrial distributors, such firms invest highly in reverse logistics since they have branches in all the markets where they operate.

2.5.4 Promptness of Order Delivery

Promptness of the delivery of an order includes making a delivery of the right contents, to the right location, and at the right time. The issue of promptness in delivery of order crucially encompasses the actual contents being ferried to retailers/customers. According to Jiang & Sokol (2015), consistent inaccuracy in the contents of orders delivered can be justification for a retailer to seek the services of another producer in case they are the ones handling the delivery of their own merchandise. The same source argues that this is a likely occurrence because these firms are traditionally producers and not distributors, and that it would absurd to expect perfectness in their order delivery. On the other hand, industrial distributors tend to have a lower propensity to fault on the contents of orders delivered. With respect to the study compiled by Burgess (2011), it was indicated that industrial distributors undertake these responsibilities with a higher level of professionalism compared to when producers undertake a similar endeavor. This study placed the accuracy of order delivered by distributors at 86% while those completed by producers were found to have an accuracy of 59% (Ross, 2015). This huge difference in accuracy underscores the need to delegate the distribution function to industrial distributors.
It is vital that when an order is delivered, it is delivered to the right place with no mistakes. However, this is not always the case due to various reasons such as new delivery personnel or mixed invoices. At times, an order may be delivered to the same location twice, and can be a costly mistake if the recipient is dishonest enough to allow the mistake to go through without making an intervention (Einar & Levin, 2010). For national distribution, the challenge is even bigger because of the diverse locations that orders may come from. Such a logistical nightmare can only be managed by a professional distributor and not just any producer since it requires lots of planning and design to ensure that there is accuracy on where orders are delivered. Obaji (2011) finds that industrial distributors map their geographical regions of coverage adequately with digital and other tools to the extent that it is almost impossible for them to miss out on any location detail, or have them deliver an order twice to the same location.

Another important factor that comes to question regarding the place component or marketing mix is timeliness of order delivery. While it is crucial that an order is delivered promptly, and at the right place, it is equally important that it is also delivered at the right time. When an order is delivered late, it is inconveniencing to the buyer because time utility has not been satisfied. According to Sana (2011), business models that have producers as the distributors of their products to retailers tend to be devoid of timeliness. The effect of introducing industrial distributors on timeliness of orders is estimated in the study at an R Square coefficient of 0.73, meaning that 73% of the variation in timeliness could be explained by the variation in how much involved industrial distributors were in the process of performing order deliveries (Olsson, Gadde, & Hulthén, 2013). The effectiveness of producers in delivering orders on time was estimated in yet another study by Todor (2015) at 48%, meaning that 52% of the time, producers would likely default on timeliness of their orders.

2.6 Chapter Summary

This chapter has comprehensively reviewed literature materials on the subject of investigation. The literature review was guided by the specific objectives which sought to establish the effect of industrial distributors on the product, price, promotion, and place components of the marketing mix at East African Breweries. Most of the studies supported the fact that industrial distributors play a vital role in promoting the marketing performance of businesses. However, there is need to establish whether this is still the
case at East African Breweries Limited. The next chapter sets this study’s methodology, which facilitated the realization of the research objectives set forth in the first chapter of this report.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter of the study provides the methodology that was used in pursuing the objective of the investigation. It contains important sections namely research design, population and sampling design, data collection methods, research procedures, and data analysis.

3.2 Research Design
Research design is regarded as an overall strategy adopted by the researcher to conduct the study and ensure that there is a logical sense to respond to the study objectives. Descriptive research design will be adopted in this study. This design focuses on exploring the behavior and dimensions of a problem under investigation in order to unveil the causal effect one or more variables have on another/ others (Amin, 2005). For the study in focus, the objective was to investigate the effect of industrial distributors on the marketing performance of East African Breweries Limited in Kenya. Both quantitative and qualitative approaches were considered so that the investigation could be more comprehensive especially in analysis.

3.3 Population and Sampling Design

3.3.1 Population
According to Cooper and Schindler (2014) a population is the total collection of elements about which one wishes to make some inferences. The target population was employees working at East African Breweries Limited company headquarters in Ruaraka, Nairobi, Kenya with a population of 122 employees.

<table>
<thead>
<tr>
<th>Department</th>
<th>Target Population</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>14</td>
<td>11%</td>
</tr>
<tr>
<td>Logistics</td>
<td>50</td>
<td>41%</td>
</tr>
<tr>
<td>Marketing</td>
<td>58</td>
<td>48%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>122</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: EABL (2019)
3.3.2 Sampling Design

3.3.2.1 Sampling Frame

A sample frame infers a rundown of parts from which the precedent is drawn and it quite relates to the overall public (Cooper & Schindler, 2011). Kothari and Garg (2014) clarify the sampling frame comprise of names of all components in the population and the rundown must be thorough, right, solid and suitable. Sampling frame defines the parameters of the population and restricts the study within the boundaries of the population when a sample is being selected to represent the entire population. For this particular study, the sampling frame was obtained from Human Resource office of EABL.

3.3.2.2 Sampling Technique

Sampling technique is the method used in drawing sampled respondents from the sampling frame. There are two types of sampling that is probability and non-probability sampling methods. According to Kathari and Garg (2019), probability sampling is when the items of the universe has an equal chance of inclusion in the sample. This study used probability random sampling method. Simple random sampling was used to identify members that took part in the study from the groups of logistics and marketing departments. It helped the researcher not to be biased about who would take part in the study since it was a probabilistic technique of sampling respondents.

3.3.2.3 Sample Size

A sample is a subset of a population that is representative of the population from which it is picked for purposes of research. It must therefore have characteristics that are also common with other members of the selected target population. For purposes of research studies, there is a recommended method of determining the optimum sample size given the total population. One such method is to use the Yamane’s formula in computing the minimal sample size. Too many members included in a sample may be too much work for a researcher while too few members may not be representative enough for the population in focus. Out of the 122 employees identified in the sampling frame, 61 members were considered for participation. This figure was obtained after computation using the Yamane’s formula as detailed below.
The estimated sample of this study was 61 employees selected from EABL. The sample size distribution was represented in Table 3.2.

Table 3.2: Sample Size Distribution

<table>
<thead>
<tr>
<th>Department</th>
<th>Population</th>
<th>Sample Size</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>14</td>
<td>10</td>
<td>16%</td>
</tr>
<tr>
<td>Logistics</td>
<td>50</td>
<td>22</td>
<td>36%</td>
</tr>
<tr>
<td>Marketing</td>
<td>58</td>
<td>29</td>
<td>48%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>122</strong></td>
<td><strong>61</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: EABL (2019)

3.4 Data Collection Methods

Data collection method is the process of gathering the data and information that the researcher requires to answer the research questions (Baraldi & Bocconcelli, 2011). According to Cooper and Schindler (2014), data collection method is the systematic way that is used by the researcher to collect the information that is used in answering the research questions. In data collection, questionnaire was used. It included close-ended questions. Questionnaires were developed and designed in the most understandable way by the respondents with simple language, simple questions that would easily be answered without consuming the time of the respondents. These was used mainly to gather primary data where respondents were expected to react usually in writing and return them with filled answers for analysis and making of conclusions by the researcher. Questionnaires were used because they were reliable and from the targeted respondents. They were easy to interpret and easily edited for the purpose of making final decisions. They also raised relevant information to the study since the respondents were basically guided by the questionnaires.
The questionnaires were designed in a way that made them look easy and understandable not to consume most of the respondents’ time. The answering options on a Likert’s scale, ranged from 1= strongly disagree to 5 = strongly agree will be used to make the questionnaire easy to fill. This instrument was used on all respondent groups. The validity of the instrument was measured using the Cronbach’s alpha whose value was greater than 0.7. A Cronbach’s alpha value of 0.70 and above is considered to be the criteria for demonstrating internal consistency of new scale and established scales respectively (Amin, 2005). Table 3.3 shows the Cronbach’s alpha test results for product component marketing mix was .971, the price component marketing mix was .894, the promotion component marketing mix was .963, and that for place component of marketing mix was .934. All the study variables were above 0.7, this shows that the questionnaire was reliable.

Table 3.3: Cronbach Alpha Test Results

<table>
<thead>
<tr>
<th>Questionnaire</th>
<th>Number of Items</th>
<th>Alpha Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Component Marketing Mix</td>
<td>10</td>
<td>.971</td>
</tr>
<tr>
<td>Price Component Marketing Mix</td>
<td>10</td>
<td>.894</td>
</tr>
<tr>
<td>Promotion Component Marketing Mix</td>
<td>10</td>
<td>.963</td>
</tr>
<tr>
<td>Place Component of Marketing Mix</td>
<td>10</td>
<td>.934</td>
</tr>
</tbody>
</table>

3.5 Research Procedures

An introduction letter was obtained from the Chandanria School of Business for the researcher to solicit approval to conduct the study from East Africa Breweries Limited. When approved, the researcher secured a list of the qualified respondents from the in charge and select through, simple random. The respondents were explained to about the study and requested to sign the Informed Consent Form. The researcher then produced over 61 copies of the questionnaires and trained the research assistants.

Specifically, the researcher and the assistants requested the respondents the following: (1) to sign the informed consent; (2) to answer completely all questions and not to leave any item of the questionnaires unanswered; (3) to avoid bias and to be objective in answering the questionnaires. Some respondents had to be guided on what to do by data collectors and as such, some of them were retrieved after some days. On their return, the researcher
edited and entered the questionnaire responses into the SPSS software, for further processing and analysis.

3.6 Data Analysis

Data analysis refers to the process through which raw data from a survey is converted into the information that is meaningful and easily understood through data analysis tool (Cooper & Schindler, 2013). This study used descriptive statistics to analyze the data that was obtained in the field. Both descriptive and inferential statistics were computed in analysis. With respect to descriptive statistics, the mean was the main item of determination. However, other descriptive statistics were also analyzed such as standard deviation, and frequency. Demographic characteristics of respondents was analyzed by use of frequencies, and percentages. The variables of study were subjected to some level of descriptive analysis, and the tools suggested above were used. The inferential statistics to be considered in analysis were correlation and regression where the Pearson correlation coefficient and the linear regressions were computed respectively.

3.7 Chapter Summary

This chapter has elaborated the methodology to be adopted in approaching the study. The chapter discussed the research methodology and design used in this study including the population, sampling design and size, data collection and analysis methods. A descriptive correlational study design was settled for where a sampling frame of members that constituted the study potential participants was provided. Using the Yamane’s formula, it was determined that 61 was the minimum sample size, and these participants were identified through the use of, simple random, sampling techniques. Questionnaires were used for data collection tools while the data collected was analyzed by use of both descriptive and inferential statistics. The next chapter is the results and findings.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter focuses on the results and findings of the study. It has presented the results for respondents’ profile, product component marketing mix, the price component marketing mix, the promotion component marketing mix, and that for place component of marketing mix.

4.2 Profile of Respondents

4.2.1 Response Rate

The researcher and the assistants circulated 61 questionnaires to the respondents and managed to collect all the questionnaires. After data cleaning and coding, 55 questionnaires were found to be valid, and were used for analysis. This gives the study a response rate of 90.2%.

Figure 4.1: Response Rate

4.2.2 Gender

Figure 4.2 shows the gender response of the respondents and it shows that 65.5% were male and 34.5% were female, meaning that EABL had a lot of male employees compared to female employees.
4.2.3 Age in Years

Figure 4.3 displays the age of the respondents in years, and it shows that 61.8% of the respondents were between the ages of 31-40 years, 16.4% were between 21-30 years, 10.9% were aged between 41-50 years, 7.3% were over the age of 50 years, and 3.6% were less than 20 years. This shows that EABL had more youthful employees.

4.2.4 Highest Academic-Level Attained

Figure 4.4 shows the highest academic-level attained by the respondents and it indicates that 74.5% of the respondents had attained their bachelor’s degree and 25.5 had attained their master’s degree. This showed that the respondents were well educated and could easily understand the study questions.
4.2.5 Years with EABL

Figure 4.5 displays the number of years the respondents had worked with EABL, and it shows that 40% of the respondents had worked with EABL for 4-6 years, 29.1% had worked with the firm for 7-9 years, while 16.4% had been with the organization for less than 3 years, and 14.5% had been with EABL for over 10 years. This shows that the respondents were great candidates for the study because of their duration with the company.

Figure 4.5: Years with EABL
4.3 Product Component Marketing Mix and Performance

This section presents the results and analysis for product component marketing mix and performance. The section presents the descriptive, correlation and regression analysis of the study variables for product component marketing mix and how they influence the performance of EABL.

4.3.1 Descriptive Analysis of Product Component Marketing Mix Variables

Table 4.1 shows that beers produced by EABL are of superior quality in the market since 81.9% agreed, 16.4% disagreed and 1.8% were neutral (M=4.22, SD=1.329). There is some good level of product enhancement done on EABL’s beers 87.3% agreed, 9.1% disagreed and 3.6% were neutral (M=4.33, SD=1.090). Information sharing by distributors enables EABL to better product quality 74.5% agreed, 14.6% disagreed and 10.9% were neutral (M=4.07, SD=1.274). EABL does quality monitoring of their products 81.9% agreed, 7.2% disagreed and 3.6% were neutral (M=4.45, SD=.997).

EABL does quality evaluation of their products 85.4% agreed, 11% disagreed and 3.6% were neutral (M=4.33, SD=1.139). EABL undertakes initiatives to make their products better 80% agreed, 10.9% disagreed and 9.1% were neutral (M=4.15, SD=1.193). EABL makes their products have a better appeal to the customers 81.8% agreed, 9.1% disagreed and 9.1% were neutral (M=4.22, SD=1.117).

Lots of after sales services are given to customers buying goods from 54.5% agreed, 23.7% disagreed and 21.8% were neutral (M=3.56, SD=1.259). EABL measures the quality standards of their products 78.2% agreed, 12.8% disagreed and 9.1% were neutral (M=4.15, SD=1.239). Sales returns are properly managed with minimal losses and wastage 70.9% agreed, 14.6% disagreed and 14.5% were neutral (M=3.93, SD=1.200).
Table 4.1: Descriptive Analysis for Product Component Marketing Mix Variables

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>M</th>
<th>StD Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beers produced by EABL are of superior quality in the market</td>
<td>9.1</td>
<td>7.3</td>
<td>1.8</td>
<td>16.4</td>
<td>65.5</td>
<td>4.22</td>
<td>1.329</td>
</tr>
<tr>
<td>There is some good level of product enhancement done on EABL’s beers</td>
<td>5.5</td>
<td>3.6</td>
<td>3.6</td>
<td>27.3</td>
<td>60</td>
<td>4.33</td>
<td>1.090</td>
</tr>
<tr>
<td>Information sharing by distributors enables EABL to better product quality</td>
<td>7.3</td>
<td>7.3</td>
<td>10.9</td>
<td>20</td>
<td>54.5</td>
<td>4.07</td>
<td>1.274</td>
</tr>
<tr>
<td>We do quality monitoring of our products</td>
<td>3.6</td>
<td>3.6</td>
<td>3.6</td>
<td>21.8</td>
<td>67.3</td>
<td>4.45</td>
<td>.997</td>
</tr>
<tr>
<td>We do quality evaluation of our products</td>
<td>5.5</td>
<td>5.5</td>
<td>3.6</td>
<td>21.8</td>
<td>63.6</td>
<td>4.33</td>
<td>1.139</td>
</tr>
<tr>
<td>We undertake initiatives to make our products better</td>
<td>7.3</td>
<td>3.6</td>
<td>9.1</td>
<td>27.3</td>
<td>52.7</td>
<td>4.15</td>
<td>1.193</td>
</tr>
<tr>
<td>We make our products have a better appeal to the customers</td>
<td>5.5</td>
<td>3.6</td>
<td>9.1</td>
<td>27.3</td>
<td>54.5</td>
<td>4.22</td>
<td>1.117</td>
</tr>
<tr>
<td>Lots of after sales services are given to customers buying goods from</td>
<td>5.5</td>
<td>18.2</td>
<td>21.8</td>
<td>23.6</td>
<td>30.9</td>
<td>3.56</td>
<td>1.259</td>
</tr>
<tr>
<td>We measure the quality standards of our products</td>
<td>7.3</td>
<td>5.5</td>
<td>9.1</td>
<td>21.8</td>
<td>56.4</td>
<td>4.15</td>
<td>1.239</td>
</tr>
<tr>
<td>Sales returns are properly managed with minimal losses and wastage</td>
<td>5.5</td>
<td>9.1</td>
<td>14.5</td>
<td>29.1</td>
<td>41.8</td>
<td>3.93</td>
<td>1.200</td>
</tr>
</tbody>
</table>

4.3.2 Correlation Analysis of Product Component Marketing Mix Variables

Table 4.2 presents the correlation analysis for product component marketing mix and its variables. It shows that the product component was significant to the marketing performance of EABL (r=727, p<0.05). Product quality was significant to the marketing performance of EABL (r=668, p<0.05). Product enhancement was significant to the marketing performance of EABL (r=836, p<0.05). After sales service was significant to the marketing performance of EABL (r=795, p<0.05). Management of sales returns was significant to the marketing performance of EABL (r=804, p<0.05).
Table 4.2: Correlation Analysis of Product Component Marketing Mix Variables

<table>
<thead>
<tr>
<th></th>
<th>EABL Marketing Performance</th>
<th>Product Component</th>
<th>Product Quality</th>
<th>Product Enhancement</th>
<th>After Sales Service</th>
<th>Mgt of Sales Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>EABL Marketing Performance</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product Component</td>
<td>.727**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product Quality</td>
<td>.668**</td>
<td>.602**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product Enhancement</td>
<td>.836**</td>
<td>.542**</td>
<td>.618**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>After Sales Service</td>
<td>.795**</td>
<td>.481**</td>
<td>.587**</td>
<td>.812**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Management of Sales Returns</td>
<td>.804**</td>
<td>.497**</td>
<td>.489**</td>
<td>.841**</td>
<td>.831**</td>
<td>1</td>
</tr>
</tbody>
</table>

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

4.3.3 Regression Analysis of Product Component Marketing Mix

This section presents the correlation analysis for product component marketing mix and the marketing performance of EABL. It presents the model summary, analysis of variance (ANOVA) and regression coefficients.

4.3.3.1 Model Summary for Product Component Marketing Mix

Table 4.3 is the model summary for the effect of product component marketing mix and the marketing performance of EABL. The result indicates that product component marketing mix variables may be used to explicate about 52.9% of the variability in the marketing performance of EABL ($R^2 = 0.529$).
Table 4.3: Model Summary for Product Component Marketing Mix

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.727</td>
<td>.529</td>
<td>.520</td>
<td>.52054</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Product Component Marketing Mix

4.3.3.2 ANOVA for Product Component Marketing Mix

Table 4.4 is the ANOVA for the effect of product component marketing mix and the marketing performance of EABL. The result indicates that there is a statistical and significant linear relationship between product component marketing mix and the marketing performance of EABL ($F (1,53) = 59.470, p<.05$).

Table 4.4: ANOVA for Product Component Marketing Mix

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>16.114</td>
<td>1</td>
<td>16.114</td>
<td>59.470</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>14.361</td>
<td>53</td>
<td>.271</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>30.476</td>
<td>54</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Product Component Marketing Mix
b. Dependent Variable: Market Performance of EABL

4.3.3.3 Regression Coefficients for Product Component Marketing Mix

Table 4.5 is the regression coefficients for the effect of product component marketing mix and the marketing performance of EABL. The linear regression equation extrapolated from the table is:

**Marketing Performance of EABL = 1.902 + 0.510 Product Component + ε**

From this equation, it can be observed that the product component marketing mix was a significant factor in the marketing performance of EABL, since its significant value was <0.05. From the equation, it is observed that a unit increase of the product component marketing mix results in a 0.510 variance in the marketing performance of EABL, this means that a single unit increase of the product component marketing mix increases the marketing performance of EABL by 51%, which is quite significant.
4.4 Price Component Marketing Mix and Performance

This section presents the results and analysis for price component marketing mix and performance. The section presents the descriptive, correlation and regression analysis of the study variables for price component marketing mix and how they influence the performance of EABL.

4.4.1 Descriptive Analysis of Price Component Marketing Mix Variables

Table 4.6 shows that feedback on prices of EABL’s beers is mostly positive since 56.4% agreed, 25.4% disagreed and 18.2% were neutral (M=3.45, SD=1.317). The cost structure of EABL allows for competitive pricing of beers since 78.2% agreed, 12.8% disagreed and 9.1% were neutral (M=3.96, SD=1.122). EABL undertakes market research to determine the most optimum price of products since 76.4% agreed, 14.5% were neutral, and 9.1% disagreed (M=4.13, SD=1.139). Storage costs are not significant enough to affect price of beers since 56.3% agreed, 29.1% disagreed and 14.5% were neutral (M=3.45, SD=1.488).

The opportunity cost of storing beer in EABL warehouses is not substantial to warrant change of business model since 61.8% agreed, 20% disagreed and 18.2% were neutral (M=3.65, SD=1.336). Price of EABL products are justified by the cost incurred since 76.3% agreed, 14.6% disagreed and 9.1% were neutral (M=3.96, SD=1.217). EABL issues trade discounts as a cost related to distribution since 65.5% agreed, 18.2% disagreed and 16.4% were neutral (M=3.76, SD=1.261).

Table 4.5 Regression Coefficients for Product Component Marketing Mix

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.902</td>
<td>.291</td>
<td>6.530</td>
</tr>
<tr>
<td>Product Component</td>
<td>.510</td>
<td>.066</td>
<td>.727</td>
<td>7.712</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Marketing Performance of EABL
EABL engages direct selling through industrial distributors since 78.2% agreed, 12.8% disagreed and 9.1% were neutral (M=4.09, SD=1.221). EABL is exempted from handling costs by industrial distributors hence lowering the price of products since 41.8% agreed, 34.6% disagreed and 23.6% were neutral (M=3.07, SD=1.372). Through industrial distributors EABL is exempted handling costs which positively impacts the pricing of products since 41.8% agreed, 36.3% disagreed and 21.8% were neutral (M=3.05, SD=1.458).

Table 4.6: Descriptive Analysis for Price Component Marketing Mix Variables

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>M</th>
<th>StD</th>
<th>Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feedback on prices of EABL’s beers is mostly positive</td>
<td>10.9</td>
<td>14.5</td>
<td>18.2</td>
<td>30.9</td>
<td>25.5</td>
<td>3.45</td>
<td>1.317</td>
<td></td>
</tr>
<tr>
<td>The cost structure of EABL allows for competitive pricing of beers</td>
<td>5.5</td>
<td>7.3</td>
<td>9.1</td>
<td>41.8</td>
<td>36.4</td>
<td>3.96</td>
<td>1.122</td>
<td></td>
</tr>
<tr>
<td>EABL undertakes market research to determine the most optimum price of products</td>
<td>5.5</td>
<td>3.6</td>
<td>14.5</td>
<td>25.5</td>
<td>50.9</td>
<td>4.13</td>
<td>1.139</td>
<td></td>
</tr>
<tr>
<td>Storage costs are not significant enough to affect price of beers</td>
<td>16.4</td>
<td>12.7</td>
<td>14.5</td>
<td>21.8</td>
<td>34.5</td>
<td>3.45</td>
<td>1.488</td>
<td></td>
</tr>
<tr>
<td>The opportunity cost of storing beer in EABL warehouses is not substantial to warrant change of business model</td>
<td>10.9</td>
<td>9.1</td>
<td>18.2</td>
<td>27.3</td>
<td>34.5</td>
<td>3.65</td>
<td>1.336</td>
<td></td>
</tr>
<tr>
<td>Price of EABL products are justified by the cost incurred</td>
<td>7.3</td>
<td>7.3</td>
<td>9.1</td>
<td>34.5</td>
<td>41.8</td>
<td>3.96</td>
<td>1.217</td>
<td></td>
</tr>
<tr>
<td>EABL issues trade discounts as a cost related to distribution</td>
<td>7.3</td>
<td>10.9</td>
<td>16.4</td>
<td>29.1</td>
<td>36.4</td>
<td>3.76</td>
<td>1.261</td>
<td></td>
</tr>
<tr>
<td>EABL engages direct selling through industrial distributors</td>
<td>7.3</td>
<td>5.5</td>
<td>9.1</td>
<td>27.3</td>
<td>50.9</td>
<td>4.09</td>
<td>1.221</td>
<td></td>
</tr>
<tr>
<td>EABL is exempted from handling costs by industrial distributors hence lowering the price of products</td>
<td>18.2</td>
<td>16.4</td>
<td>23.6</td>
<td>23.6</td>
<td>18.2</td>
<td>3.07</td>
<td>1.372</td>
<td></td>
</tr>
<tr>
<td>Through industrial distributors EABL is exempted handling costs which positively impacts the pricing of products</td>
<td>21.8</td>
<td>14.5</td>
<td>21.8</td>
<td>20</td>
<td>21.8</td>
<td>3.05</td>
<td>1.458</td>
<td></td>
</tr>
</tbody>
</table>
4.4.2 Correlation Analysis of Price Component Marketing Mix Variables

Table 4.7 presents the correlation analysis for price component marketing mix and its variables. It shows that the price component was significant to the marketing performance of EABL ($r=0.838$, $p<0.05$). Feedback on price reactions in the market was significant to the marketing performance of EABL ($r=0.428$, $p<0.05$). Exemption of costs related to distribution was significant to the marketing performance of EABL ($r=0.612$, $p<0.05$). Exemption of storage, handling, and opportunity costs was significant to the marketing performance of EABL ($r=0.288$, $p<0.05$).

Table 4.7: Correlation Analysis of Price Component Marketing Mix Variables

<table>
<thead>
<tr>
<th></th>
<th>EABL Marketing Performance</th>
<th>Price Component</th>
<th>Feedback</th>
<th>Distribution Cost Exemption</th>
<th>Storage Cost Exemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>EABL Marketing Performance</td>
<td>1</td>
<td>.838**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price Component</td>
<td>.000</td>
<td>.428**</td>
<td>.540**</td>
<td>.495**</td>
<td>1</td>
</tr>
<tr>
<td>Feedback</td>
<td></td>
<td>.001</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Distribution Cost Exemption</td>
<td>.612**</td>
<td>.590**</td>
<td>.495**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Storage Cost Exemption</td>
<td>.000</td>
<td>.388**</td>
<td>.331*</td>
<td>.399**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>.033</td>
<td>.003</td>
<td>.014</td>
<td>.003</td>
<td></td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

4.4.3 Regression Analysis of Price Component Marketing Mix and Performance

This section presents the correlation analysis for price component marketing mix and the marketing performance of EABL. It presents the model summary, analysis of variance (ANOVA) and regression coefficients.
4.4.3.1 Model Summary for Price Component Marketing Mix

Table 4.8 is the model summary for the effect of price component marketing mix and the marketing performance of EABL. The result indicates that price component marketing mix variables may be used to explicate about 70.2% of the variability in the marketing performance of EABL ($R^2 = 0.702$).

Table 4.8: Model Summary for Price Component Marketing Mix

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.838</td>
<td>.702</td>
<td>.696</td>
<td>.41404</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Price Component Marketing Mix

4.4.3.2 ANOVA for Price Component Marketing Mix

Table 4.9 is the ANOVA for the effect of price component marketing mix and the marketing performance of EABL. The result indicates that there is a statistical and significant linear relationship between price component marketing mix and the marketing performance of EABL ($F (1,53) = 124.778, p<.05$).

Table 4.9: ANOVA for Price Component Marketing Mix

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>21.390</td>
<td>1</td>
<td>21.390</td>
<td>124.778</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>9.086</td>
<td>53</td>
<td>.171</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>30.476</td>
<td>54</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Price Component Marketing Mix  
b. Dependent Variable: Market Performance of EABL

4.4.3.3 Regression Coefficients for Price Component Marketing Mix

Table 4.10 is the regression coefficients for the effect of price component marketing mix and the marketing performance of EABL. The linear regression equation extrapolated from the table is:

$$\text{Marketing Performance of EABL} = 1.659 + 0.630 \text{ Price Component} + \varepsilon$$

From this equation, it can be observed that the price component marketing mix was a significant factor in the marketing performance of EABL, since its significant value was <0.05. From the equation, it is observed that a unit increase of the price component
marketing mix results in a 0.630 variance in the marketing performance of EABL, this means that a single unit increase of the price component marketing mix increases the marketing performance of EABL by 63%, which is quite significant.

**Table 4.10: Regression Coefficients for Price Component Marketing Mix**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.659</td>
<td>.224</td>
<td>7.406</td>
<td>.000</td>
</tr>
<tr>
<td>Price Component</td>
<td>.630</td>
<td>.056</td>
<td>.838</td>
<td>11.170</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Marketing Performance of EABL

### 4.5 Promotion Component Marketing Mix and Performance

This section presents the results and analysis for promotion component marketing mix and performance. The section presents the descriptive, correlation and regression analysis of the study variables for promotion component marketing mix and how they influence the performance of EABL.

#### 4.5.1 Descriptive Analysis of Promotion Component Marketing Mix Variables

Table 4.11 shows that advertisements done on EABL beers are effective to encourage retailers to stock firm’s products since 83.7% agreed, 11% disagreed and 5.5% were neutral (M=4.24, SD=1.138). Direct marketing done for EABL beers is high effective since 72.8% agreed, 14.5% were neutral and 12.8% disagreed (M=4.02, SD=1.194). Personal selling done for EABL beers is highly effective since 71% agreed, 16.4% were neutral and 12.7% disagreed (M=4.00, SD=1.155). Trade fairs conducted for EABL products are highly effective since 63.6% agreed, 25.5% were neutral and 10.9% disagreed (M=3.91, SD=1.143).

EABL engages in public relations as an element of promotion since 70.9% agreed, 16.4% disagreed and 12.7% (M=3.85, SD=1.239). Customer care service is a key form of promotion in EABL since 74.5% agreed, 16.4% disagreed and 9.1% were neutral (M=3.93, SD=1.289). EABL organizes promotional competitions in order to create a positive image of the company since 74.5% agreed, 18.1% disagreed and 7.3% were neutral (M=3.85, SD=1.407).
EABL offers cash discounts to its customers as a sales promotion technique since 67.3% agreed, 18.2% disagreed and 14.5% were neutral (M=3.84, SD=1.288). Distributors engage in trade fairs as a sales promotion technique since 58.2% agreed, 23.6% disagreed and 18.2% were neutral (M=3.47, SD=1.331). EABL offers quantity discounts to encourage customers to buy larger quantities since 72.8% agreed, 16.4% disagreed and 10.9% were neutral (M=3.96, SD=1.276).

Table 4.11: Descriptive Analysis for Promotion Component Marketing Mix Variables

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>M</th>
<th>StD Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertisements done on EABL beers are effective to encourage retailers to stock firm’s products</td>
<td>5.5</td>
<td>5.5</td>
<td>5.5</td>
<td>27.3</td>
<td>56.4</td>
<td>4.24</td>
<td>1.138</td>
</tr>
<tr>
<td>Direct marketing done for EABL beers is highly effective</td>
<td>5.5</td>
<td>7.3</td>
<td>14.5</td>
<td>25.5</td>
<td>47.3</td>
<td>4.02</td>
<td>1.194</td>
</tr>
<tr>
<td>Personal selling done for EABL beers is highly effective</td>
<td>3.6</td>
<td>9.1</td>
<td>16.4</td>
<td>25.5</td>
<td>45.5</td>
<td>4.00</td>
<td>1.155</td>
</tr>
<tr>
<td>Trade fairs conducted for EABL products are highly effective</td>
<td>3.6</td>
<td>7.3</td>
<td>25.5</td>
<td>21.8</td>
<td>41.8</td>
<td>3.91</td>
<td>1.143</td>
</tr>
<tr>
<td>EABL engages in public relations as an element of promotion</td>
<td>7.3</td>
<td>9.1</td>
<td>12.7</td>
<td>32.7</td>
<td>38.2</td>
<td>3.85</td>
<td>1.239</td>
</tr>
<tr>
<td>Customer care service is a key form of promotion in EABL</td>
<td>9.1</td>
<td>7.3</td>
<td>9.1</td>
<td>30.9</td>
<td>43.6</td>
<td>3.93</td>
<td>1.289</td>
</tr>
<tr>
<td>EABL organizes promotional competitions in order to create a positive image of the company</td>
<td>14.5</td>
<td>3.6</td>
<td>7.3</td>
<td>30.9</td>
<td>43.6</td>
<td>3.85</td>
<td>1.407</td>
</tr>
<tr>
<td>EABL offers cash discounts to its customers as a sales promotion technique</td>
<td>7.3</td>
<td>10.9</td>
<td>14.5</td>
<td>25.5</td>
<td>41.8</td>
<td>3.84</td>
<td>1.288</td>
</tr>
<tr>
<td>Distributors engage in trade fairs as a sales promotion technique</td>
<td>12.7</td>
<td>10.9</td>
<td>18.2</td>
<td>32.7</td>
<td>25.5</td>
<td>3.47</td>
<td>1.331</td>
</tr>
<tr>
<td>EABL offers quantity discounts to encourage customers to buy larger quantities</td>
<td>7.3</td>
<td>9.1</td>
<td>10.9</td>
<td>25.5</td>
<td>47.3</td>
<td>3.96</td>
<td>1.276</td>
</tr>
</tbody>
</table>
4.5.2 Correlation Analysis of Promotion Component Marketing Mix Variables

Table 4.12 presents the correlation analysis for promotion component marketing mix and its variables. It shows that the promotion component was significant to the marketing performance of EABL ($r=0.757$, $p<0.05$). Industrial distributors advertising was significant to the marketing performance of EABL ($r=0.530$, $p<0.05$). Industrial distributors’ role in public relations was significant to the marketing performance of EABL ($r=0.617$, $p<0.05$). Industrial distributors sales promotion was significant to the marketing performance of EABL ($r=0.473$, $p<0.05$). Industrial distributors direct marketing was significant to the marketing performance of EABL ($r=0.718$, $p<0.05$). Industrial distributors personal selling was significant to the marketing performance of EABL ($r=0.621$, $p<0.05$).

**Table 4.12: Correlation Analysis for Promotional Component Marketing Mix Variables**

<table>
<thead>
<tr>
<th></th>
<th>EABL Marketing Performance</th>
<th>Promo Component</th>
<th>Adverts</th>
<th>PR</th>
<th>Sales Promo</th>
<th>Direct Mktng</th>
<th>Personal Selling</th>
</tr>
</thead>
<tbody>
<tr>
<td>EABL Marketing</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotional Component</td>
<td>$0.757^{**}$</td>
<td>$1$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>$0.530^{**}$</td>
<td>$0.684^{**}$</td>
<td>$1$</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR</td>
<td>$0.617^{**}$</td>
<td>$0.528^{**}$</td>
<td>$0.422^{**}$</td>
<td>$1$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>$0.473^{**}$</td>
<td>$0.478^{**}$</td>
<td>$0.769^{**}$</td>
<td>$0.333^{*}$</td>
<td>$1$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td>$0.000$</td>
<td>$0.000$</td>
<td>$0.000$</td>
<td>$0.013$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>$0.718^{**}$</td>
<td>$0.822^{**}$</td>
<td>$0.504^{**}$</td>
<td>$0.697^{**}$</td>
<td>$0.486^{**}$</td>
<td>$1$</td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>$0.000$</td>
<td>$0.000$</td>
<td>$0.000$</td>
<td>$0.000$</td>
<td>$0.000$</td>
<td>$0.000$</td>
<td></td>
</tr>
<tr>
<td>Personal Selling</td>
<td>$0.621^{**}$</td>
<td>$0.462^{**}$</td>
<td>$0.319^{*}$</td>
<td>$0.453^{**}$</td>
<td>$0.239$</td>
<td>$0.439^{**}$</td>
<td>$1$</td>
</tr>
</tbody>
</table>

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

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

4.5.3 Regression Analysis of Promotion Component Marketing Mix and Performance

This section presents the correlation analysis for promotion component marketing mix and the marketing performance of EABL. It presents the model summary, analysis of variance (ANOVA) and regression coefficients.
4.5.3.1 Model Summary for Promotion Component Marketing Mix

Table 4.13 is the model summary for the effect of promotion component marketing mix and the marketing performance of EABL. The result indicates that promotion component marketing mix variables may be used to explicate about 57.3% of the variability in the marketing performance of EABL ($R^2 = 0.573$).

Table 4.13: Model Summary for Promotion Component Marketing Mix

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.757</td>
<td>.573</td>
<td>.565</td>
<td>.49564</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Promotion Component Marketing Mix

4.5.3.2 ANOVA for Promotion Component Marketing Mix

Table 4.14 is the ANOVA for the effect of promotion component marketing mix and the marketing performance of EABL. The result indicates that there is a statistical and significant linear relationship between promotion component marketing mix and the marketing performance of EABEL ($F (1,53) = 71.058, p<.05$).

Table 4.14: ANOVA for Promotion Component Marketing Mix

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>17.456</td>
<td>1</td>
<td>17.456</td>
<td>71.058</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>13.020</td>
<td>53</td>
<td>.246</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>30.476</td>
<td>54</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Promotion Component Marketing Mix
b. Dependent Variable: Market Performance of EABL

4.5.3.3 Regression Coefficients for Promotion Component Marketing Mix

Table 4.15 is the regression coefficients for the effect of promotion component marketing mix and the marketing performance of EABEL. The linear regression equation extrapolated from the table is:

\[
\text{Marketing Performance of EABL} = 1.634 + 0.593 \text{ Promotion Component} + \varepsilon
\]

From this equation, it can be observed that the promotion component marketing mix was a significant factor in the marketing performance of EABEL, since its significant value was <0.05. From the equation, it is observed that a unit increase of the promotion component
marketing mix results in a 0.593 variance in the marketing performance of EABL, this means that a single unit increase of the promotion component marketing mix increases the marketing performance of EABL by 59.3%, which is quite significant.

**Table 4.15: Regression Coefficients for Promotion Component Marketing Mix**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.634</td>
<td>.298</td>
<td>5.481</td>
<td>.000</td>
</tr>
<tr>
<td>Promotion Component</td>
<td>.593</td>
<td>.070</td>
<td>.757</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Marketing Performance of EABL

### 4.6 Place Component Marketing Mix and Performance

This section presents the results and analysis for place component marketing mix and performance. The section presents the descriptive, correlation and regression analysis of the study variables for place component marketing mix and how they influence the performance of EABL.

#### 4.6.1 Descriptive Analysis of Place Component Marketing Mix Variables

Table 4.16 shows that EABL products are accessible to the whole of the Kenyan market since 85.5% agreed, 9.1% disagreed and 5.5% were neutral (M=4.33, SD=1.055). Customer orders on EABL products are handled fast with minimal complaints since 88% agreed, 10.9% disagreed and 9.1% were neutral (M=4.11, SD=0.975). There are enough transport vehicles transporting EABL merchandise since 88% agreed, 10.9% were neutral and 9.1 disagreed (M=4.24, SD=0.981). Order delivery to retailers and customers is prompt since 67.2% agreed, 21.8% disagreed and 10.9% were neutral (M=3.71, SD=1.315).

EABL manages the movement of their own stock in the market since 74.6% agreed, 18.2% were neutral and 7.3% disagreed (M=4.13, SD=1.019). EABL is consistent in delivery of orders since 76.4% agreed, 14.5% were neutral and 9.1% disagreed (M=4.15, SD=0.989). EABL distributors map their geographical regions of coverage adequately since 81.9% agreed, 9.1% disagreed and 9.1% were neutral (M=4.13, SD=1.090).
EABL logistics are managed by a professional distributor since 74.5% agreed, 14.5% were neutral and 10.9% disagreed (M=4.04, SD=1.105). EABL distributors usually have depots in all major towns since 80% agreed, 9.9% disagreed and 9.1% were neutral (M=4.13, SD=1.090). EABL has an effective product distribution channel since 81.8% agreed, 10.9% disagreed and 7.3% were neutral (M=4.22, SD=1.100).

Table 4.16: Descriptive Analysis for Place Component Marketing Mix Variables

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>M</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>EABL products are accessible to the whole of the Kenyan market</td>
<td>3.6</td>
<td>5.5</td>
<td>5.5</td>
<td>25.5</td>
<td>60</td>
<td>4.33</td>
<td>1.055</td>
</tr>
<tr>
<td>Customer orders on EABL products are handled fast with minimal complaints</td>
<td>0</td>
<td>10.9</td>
<td>9.1</td>
<td>38.2</td>
<td>41.8</td>
<td>4.11</td>
<td>.975</td>
</tr>
<tr>
<td>There are enough transport vehicles transporting EABL merchandise</td>
<td>0</td>
<td>9.1</td>
<td>10.9</td>
<td>27.3</td>
<td>52.7</td>
<td>4.24</td>
<td>.981</td>
</tr>
<tr>
<td>Order delivery to retailers and customers is prompt</td>
<td>9.1</td>
<td>12.7</td>
<td>10.9</td>
<td>32.7</td>
<td>34.5</td>
<td>3.71</td>
<td>1.315</td>
</tr>
<tr>
<td>EABL manages the movement of their own stock in the market</td>
<td>1.8</td>
<td>5.5</td>
<td>18.2</td>
<td>27.3</td>
<td>47.3</td>
<td>4.13</td>
<td>1.019</td>
</tr>
<tr>
<td>EABL is consistent in delivery of orders</td>
<td>0</td>
<td>9.1</td>
<td>14.5</td>
<td>29.1</td>
<td>47.3</td>
<td>4.15</td>
<td>.989</td>
</tr>
<tr>
<td>EABL distributors map their geographical regions of coverage adequately</td>
<td>5.5</td>
<td>3.6</td>
<td>9.1</td>
<td>36.4</td>
<td>45.5</td>
<td>4.13</td>
<td>1.090</td>
</tr>
<tr>
<td>EABL logistics are managed by a professional distributor</td>
<td>3.6</td>
<td>7.3</td>
<td>14.5</td>
<td>30.9</td>
<td>43.6</td>
<td>4.04</td>
<td>1.105</td>
</tr>
<tr>
<td>EABL distributors usually have depots in all major towns</td>
<td>3.6</td>
<td>7.3</td>
<td>9.1</td>
<td>32.7</td>
<td>47.3</td>
<td>4.13</td>
<td>1.090</td>
</tr>
<tr>
<td>EABL has an effective product distribution channel</td>
<td>3.6</td>
<td>7.3</td>
<td>7.3</td>
<td>27.3</td>
<td>54.5</td>
<td>4.22</td>
<td>1.100</td>
</tr>
</tbody>
</table>
4.6.2 Correlation Analysis of Place Component Marketing Mix and Performance

Table 4.17 presents the correlation analysis for promotion component marketing mix and its variables. It shows that the place component was significant to the marketing performance of EABL (r=712, p<0.05). Industrial distributors and product accessibility were significant to the marketing performance of EABL (r=613, p<0.05). Mobility and responsiveness to orders was significant to the marketing performance of EABL (r=732, p<0.05). Capacity to traverse in big markets was significant to the marketing performance of EABL (r=497, p<0.05). Promptness of order delivery was significant to the marketing performance of EABL (r=628, p<0.05).

Table 4.17: Correlation Analysis of Place Component Marketing Mix Variables

<table>
<thead>
<tr>
<th>EABL Marketing Performance</th>
<th>Place Component</th>
<th>Product Accessibility</th>
<th>Mobility</th>
<th>Traversing Capacity</th>
<th>Delivery Promptness</th>
</tr>
</thead>
<tbody>
<tr>
<td>EABL Marketing Performance</td>
<td>.712**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Place Component</td>
<td>.000</td>
<td>.613**</td>
<td>.576**</td>
<td>.610**</td>
<td>.732**</td>
</tr>
<tr>
<td>Product Accessibility</td>
<td>.000</td>
<td>.000</td>
<td>.583**</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Mobility</td>
<td>.000</td>
<td>.610**</td>
<td>.583**</td>
<td>.319*</td>
<td>.550**</td>
</tr>
<tr>
<td>Traversing Capacity</td>
<td>.497**</td>
<td>.540**</td>
<td>.319*</td>
<td>.510**</td>
<td>1</td>
</tr>
<tr>
<td>Delivery</td>
<td>.628**</td>
<td>.685**</td>
<td>.414**</td>
<td>.667**</td>
<td>.510**</td>
</tr>
<tr>
<td>Promptness</td>
<td>.000</td>
<td>.000</td>
<td>.002</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.01 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).
4.6.3 Regression Analysis of Place Component Marketing Mix and Performance

This section presents the correlation analysis for place component marketing mix and the marketing performance of EABL. It presents the model summary, analysis of variance (ANOVA) and regression coefficients.

4.6.3.1 Model Summary for Place Component Marketing Mix

Table 4.18 is the model summary for the effect of place component marketing mix and the marketing performance of EABL. The result indicates that place component marketing mix variables may be used to explicate about 50.7% of the variability in the marketing performance of EABL ($R^2 = 0.507$).

**Table 4.18: Model Summary for Place Component Marketing Mix**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.712</td>
<td>.507</td>
<td>.498</td>
<td>.53250</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Place Component Marketing Mix

4.6.3.2 ANOVA for Place Component Marketing Mix

Table 4.19 is the ANOVA for the effect of place component marketing mix and the marketing performance of EABL. The result indicates that there is a statistical and significant linear relationship between place component marketing mix and the marketing performance of EABL ($F(1,53) = 54.478, p<.05$).

**Table 4.19: ANOVA for Place Component Marketing Mix**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>15.447</td>
<td>1</td>
<td>15.447</td>
<td>54.478</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>15.028</td>
<td>53</td>
<td>.284</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>30.476</td>
<td>54</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Place Component Marketing Mix
b. Dependent Variable: Market Performance of EABL
4.6.3.3 Regression Coefficients for Place Component Marketing Mix

Table 4.20 is the regression coefficients for the effect of place component marketing mix and the marketing performance of EABL. The linear regression equation extrapolated from the table is:

**Marketing Performance of EABL = 1.607 + 0.587 Place Component + ε**

From this equation, it can be observed that the place component marketing mix was a significant factor in the marketing performance of EABL, since its significant value was <0.05. From the equation, it is observed that a unit increase of the place component marketing mix results in a 0.587 variance in the marketing performance of EABL, this means that a single unit increase of the place component marketing mix increases the marketing performance of EABL by 58.7%, which is quite significant.

**Table 4.20: Regression Coefficients for Place Component Marketing Mix**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.607</td>
<td>.343</td>
<td></td>
<td>4.687</td>
</tr>
<tr>
<td>Place Component</td>
<td>.587</td>
<td>.079</td>
<td>.712</td>
<td>7.381</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Marketing Performance of EABL

4.7 Chapter Summary

This chapter has focused on the results and findings of the study. It has presented the results for respondents’ profile, product component marketing mix, the price component marketing mix, the promotion component marketing mix, and that for place component of marketing mix using descriptive analysis, correlation analysis and regression analysis. The next chapter provides the discussions, conclusions and recommendations based on these findings.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter focuses on the discussions, conclusions and recommendations of the study. It has presented the discussions, conclusions and recommendations for product component marketing mix, the price component marketing mix, the promotion component marketing mix, and that for place component of marketing mix.

5.2 Summary of the Study

This study sought to establish the effect of industrial distributors on the marketing performance of beer firms in Kenya, a case study of East Africa Breweries Limited (EABL). The study was guided by the following research questions: What is the effect of industrial distributors on the product component of the marketing mix at East African Breweries, Kenya?, What is the effect of industrial distributors on the price component of the marketing mix at East African Breweries, Kenya?, What is the effect of industrial distributors on the promotion component of the marketing mix at East African Breweries, Kenya? and What is the effect of industrial distributors on the place component of the marketing mix at East African Breweries, Kenya?

The study employed a descriptive research design. The population of the study were employees of EABL. The sampling frame was drawn from the EABL human resource department. The study targeted marketing, logistics, and management personnel and it used a probability sampling method (simple random) to select study participants into the sample. The sample size for the study included 61 respondents out of the total population of 122. Data collection was conducted using self-administered questionnaires, and data analysis was done both descriptively and inferentially majorly using the Statistical Package for Social Sciences (SPSS) tool, and MS Excel software programs.

The study showed that beers produced by EABL were of superior quality in the market since the firm employed some good level of product enhancement on its beers. Information sharing by distributors enabled EABL to better its product quality through quality monitoring of products. EABL conducted quality evaluation of its products, by
undertaking initiatives to make their products better, which made their products gain a better appeal to the customers. The firm ensured that lots of after-sales services were given to customers buying their goods, which were measured by the quality standards of their products. The sales returns of the firm were properly managed, leading to minimal losses and wastage.

The study revealed that the feedback on prices of EABL’s beers was mostly positive since the firm’s cost structure allowed for competitive pricing of its products. EABL undertook market research to determine the most optimum price for its products, since the firm’s storage costs were not significant enough to affect product pricing. The opportunity cost of storing beer at EABL’s warehouses was not substantial to warrant a change of business model, and the price of their products was justified by the cost incurred during production. The firm issued trade discounts as a cost related to distribution, it engaged in direct selling through industrial distributors. EABL was exempted from handling costs by industrial distributors hence lowering the price of their products, and this positively impacted their product pricing.

The study indicated that the advertisements done about EABL beers were effective in encouraging retailers to stock the firm’s products, and their direct marketing, personal selling, and trade fairs were highly effective. The firm engaged in public relations as an element of promotion, as well as customer care service, which was a significant form of promotion in the firm. This was supported by promotional competitions organized by the firm to create a positive image of the company. EABL offered cash discounts to its customers as a sales promotion technique, and its distributors engaged in trade fairs as a sales promotion technique. This allowed the firm to offer quantity discounts to encourage customers to buy larger quantities of their products.

The study exhibited that EABL products were accessible to the whole of the Kenyan market, and customer orders on products were handled fast with minimal complaints. There were enough transport vehicles transporting EABLs’ merchandise in the market, ensuring that order delivery to retailers and customers was prompt. The firm managed the movement of their own stock in the market and this facilitated their consistency in delivery of orders. The company’s distributors map their geographical regions of coverage adequately and their logistics were managed by professional distributors. EABL
distributors usually had depots in all major towns, and this enabled the firm to have an effective product distribution channel within the market.

5.3 Discussion

5.3.1 Product Component Marketing Mix and Performance

The study showed that beers produced by EABL are of superior quality in the market. The result is supported by Olsson, Gadde, & Hulthén (2013) who state that, distributors are not directly in charge of instilling quality into a product, and they rely on producers to undertake this role, however, they are the ones that receive the most criticism since they are lower than producers in the supply chain. Vrellas & Tsiotras (2015) state that, their success of their businesses is therefore hinged on the quality of products, and they work tirelessly to ensure that the producers play their role.

The study revealed that there is some good level of product enhancement done on EABL’s beers. The study outcome is supported by Asker (2016) who states that, product enhancement may also be in the form of offering convenience to lower end supply chain members, and distributors make it possible for consumers to enjoy these products by breaking them down into convenient sizes that the producers would have been too inconvenienced to do.

The study showed that information sharing by distributors enables EABL to better product quality. The result is supported by Dent (2011) who argues that the relationship between industrial distributors and their respective producers is healthy because it leads to sharing information on how to better product quality, and that, both sides have complimentary roles to play in the process of instilling quality into a product.

The study indicated that EABL does quality monitoring of their products. The results agree with Hulthén & Mattsson (2010) who note that, in some situations, producers have industrial distributors among the members of their quality monitoring and evaluation teams. This is a comprehensive approach geared towards unearthing the causes of poor quality in firms as it may be the case if it is left unattended to. The study showed that EABL does quality evaluation of their products.
The study revealed that EABL undertakes initiatives to make their products better. The result is supported by Ashenfelter, Hosken, & Weinberg (2015) who state that, industrial distributors are not only tasked with the responsibility of distributing manufactured products to consumers and retailers, some of them undertake their own initiatives that include bundling these products with others so that they can be better appealing to retailers.

The study showed that EABL makes their products have a better appeal to the customers. This is supported by Gilliland & Kim (2014) who state that, convenience is one of product’s quality qualities that need to be implicit in a product for it to appeal to retailers and customers, and the scale of hauling at the producer-distributor level is not similar to the scale of hauling that occurs in distributor-retailer, since retailers are not equipped to handle large scale merchandise.

The study indicated that lots of after sales services are given to customers buying goods from. The result agrees with Achroll & Kotler (2014) who state that, industrial distributors play an important role in performing after sales services when the producer does not have the resources to traverse the sales region in response to a customer that needs these services.

The study specified that EABL measures the quality standards of their products. The result is supported by Mollenkopf, Frankel, & Russo (2011) who state that, as a producer, a firm expects some of its products to be returned to them. This may turn out to be the case if the product in question is faulty or fails to perform to a consumer’s expectation.

The study showed that sales returns are properly managed with minimal losses and wastage. This outcome is supported by Gu, Kim, Tse, & Wang (2010) who observed that, at times, producers even have an understanding with distributors that they are to be responsible for all return’s inwards from customers, and in so doing give them some discount to make up for the prospective possible returns, and in this model, a producer is shielded from losses and inconveniences brought about by returns from customers.

5.3.2 Price Component Marketing Mix and Performance

The study revealed that feedback on prices of EABL’s beers is mostly positive. The result is supported by Cannatelli, Pedrini, & Grumo (2017) who observed that, some of the
ways that industrial distributors improve the price component of the marketing mix is through feedback on price reactions, exempting the company of transportation costs, and the exemption of storage costs.

The study indicated that the cost structure of EABL allows for competitive pricing of beers. The result is supported by Cannatelli, Pedrini, & Grumo (2017) who observed that, while the producer sells only its products, industrial distributors may be dealing with more than a single producer, consequently, they have a clearer view of the price wars that the industry is facing and are in a good position to advise firms on how best they should cost their production.

The study showed that EABL undertakes market research to determine the most optimum price of products. The study outcome is supported by Tapp & Spotswood (2013) who state that, indeed, producers can undertake market research to determine the most optimum price for a particular product or product line, however, these research activities will also be costly to them since they are carried out for a long time.

The study signifies that storage costs are not significant enough to affect price of beers. The outcome agrees with Obaji (2011) who states that, storage and handling costs are estimated by to be about 2% of total costs of a product, but they are still important to be considered by firms especially in bootstrapping mode, and that, one such cost is in storage and warehousing, where finished products have to be kept awaiting shipment to retailers.

The study showed that the opportunity cost of storing beer in EABL warehouses is not substantial to warrant change of business model. This result is supported by Peltoniemi (2015) who considers the effect of industrial distributors on managing opportunity costs, since it has already been established in previous studies reviewed above, space is an economic resource that is limited and its use. For producers, some of them pay rent to use the space they have for storage.

The study revealed that the price of EABL products are justified by the cost incurred. This agrees with Gilliland & Kim (2014) who state that, price of a product needs to be justified by the cost incurred by the producer and customer willingness to pay, and that, profit or loss is the difference between customer’s willingness to pay and the cost incurred by the producer.
The study indicated that EABL issues trade discounts as a cost related to distribution. The result disagrees with Marquardt (2013) who notes that, another cost related to distribution is the issuance of trade discounts, where, as a producer, it is quite difficult for the firm to have to deal with lots of customer requests for trade discounts, and the sales wing of the firm may be overwhelmed by the avalanche of these requests.

The study showed that EABL engages direct selling through industrial distributors. The result agrees with Dent (2011) who states that any expense made towards selling the product to the target customer is a direct selling, and that, many producers, wholesalers, and distributors carry out direct selling in the regions that they want to expand to, and they also would like to know the distribution cost of that region.

The study revealed that EABL is exempted from handling costs by industrial distributors hence lowering the price of products. The results agree with Sana (2011) who notes that, engaging industrial distributors means that some of the firm’s finished products will be stored by the distributor away from the premises of the producer, and the implication is that only little space is required in the way of storage and warehousing facilities, which further translates to significant cost savings on rent, power, and other cost aspects.

The study signified that through industrial distributors EABL is exempted handling costs which positively impacts the pricing of products. The result agrees with Lee, Son, & Lee (2012) who state that, if the firms’ merchandise is stored by industrial distributors, storage losses will be reduced, and the savings carried forward to positively impact the ultimate prices charged on customers.

5.3.3 Promotion Component Marketing Mix and Performance

The study showed that advertisements done on EABL beers are effective to encourage retailers to stock firm’s products. The result is supported by Rodriguez-Baez & Fish (2015) who notes that, advertising is much more effective at the distributor level if such a promotional plan is towards influencing the buying decisions of a certain group of retailers for a particular product or product line.

The study revealed that direct marketing done for EABL beers is high effective. This agrees with Lee, Son, & Lee (2012) who state that, direct marketing is an approach to marketing communication where companies send information directly to their target
consumers, and with this, companies give information directly to consumers in the form of mailers, fliers and catalogs.

The study indicated that personal selling done for EABL beers is highly effective. This study outcome is in agreement with Jiang & Sokol (2015) who state that, personal selling is an approach that requires a salesperson to communicate directly with a potential customer, whereas direct marketing occurs when companies send information directly to consumers.

The study showed that trade fairs conducted for EABL products are highly effective. The result agrees with Gu, Kim, Tse, & Wang (2010) who state that, distributors may also engage in trade fairs as a sales promotion technique, and because of the wide spread movements involved when it comes from moving from one exhibition to another, some producers find it quite tasking.

The study signified that EABL engages in public relations as an element of promotion. The result is in agreement with Olsson, Gadde, & Hulthén (2013) who state that, public relation is an element of promotion that seeks to create a positive image to the public so that a firm and its brands can be more appealing to customers, and it is usually part of marketing initiatives, but may be a department on its own especially in big companies.

The study showed that customer care service is a key form of promotion in EABL. This is supported by Campbell, De Beer, & Pei (2011) who note that, one way of managing public relations among distributors is to have a customer care service for retailers that are served at a certain point, and that, most industrial distributors have these desks and call center numbers that retailers use periodically to enquire for information.

The study revealed that EABL organizes promotional competitions in order to create a positive image of the company. This agrees with Dong, Tse, & Hung (2010) who state that, most producers organize promotional competitions that seek to create a positive image of the company in the minds of consumers. For instance, a firm may have a reward program for its customers but since it would be inconveniencing for customers to travel to the producer’s premises, their rewards are given to them at their nearest distributors.

The study indicated that EABL offers cash discounts to its customers as a sales promotion technique. The result is supported by Wyld, Pugh, & Tyrrell (2010) who state that, sales
discounts are price reductions accorded to certain customers for a particular reason, and most sellers offer quantity discounts to encourage customers to buy larger quantities of a product while others offer cash discounts to encourage prompt payment for goods bought.

The study showed that distributors engage in trade fairs as a sales promotion technique. This agrees with Todor (2015) who indicates that firms partaking in intensive sales promotion activities tend to have 13% more likelihood of success, and that there are many sales promotional techniques that are being applied by industrial distributors, but the most prominent ones are trade discounts and trade fairs.

The study revealed that EABL offers quantity discounts to encourage customers to buy larger quantities. This result is in agreement with Wyld, Pugh, & Tyrrall (2010) who observed that, most sellers offer quantity discounts to encourage customers to buy larger quantities of a product while others offer cash discounts to encourage prompt payment for goods bought.

5.3.4 Place Component of Marketing Mix and Performance

The study showed that EABL products are accessible to the whole of the Kenyan market. This result is supported by Elzinga (2011) who states that, when the place component of the marketing mix comes to question, the issue of accessibility comes to the fore, and it is the dream of every producer to have their products accessible to all despite their geographical location.

The study revealed that customer orders on EABL products are handled fast with minimal complaints. This agrees with Lee, Son, & Lee (2012) who state that, the natural expectation that retailers have is that once they have ordered to be served with merchandise, such will be availed to them within the shortest time possible. This is not the case in some situations especially those that involve the producer ferrying their own merchandise.

The study indicated that the there are enough transport vehicles transporting EABL merchandise. This outcome is in agreement with Burgess (2011) who argues that it is rather impossible for a large-scale producer to remain responsive to orders if they do not outsource the distributary function to third parties, and these distributors usually have
depots in all major towns and also have enough transport vessels to allow them to respond to orders made in real time.

The study revealed that order delivery to retailers and customers is prompt. This result is supported by Jiang & Sokol (2015) who state that, the issue of promptness in delivery of order crucially encompasses the actual contents being ferried to retailers/customers, and consistent inaccuracy in the contents of orders delivered can be justification for a retailer to seek the services of another producer in case they are the ones handling the delivery of their own merchandise.

The study showed that EABL manages the movement of their own stock in the market. The result agrees with Lafontaine & Slade (2010) who state that, the usual model of business when producers adopt when they take care of distributing their own merchandise is to have movement of vehicles from production premises to retailers, and they may also have a few warehouses in some towns majorly those from which most of its orders come.

The study indicated that EABL is consistent in delivery of orders. This study outcome differs with Waldron et al. (2014) who observed that, during peak seasons, the number of orders made significantly goes up and a distributor has to keep up with this trend lest it loses out on some customers due to consistent failed promises to deliver.

The study revealed that EABL distributors map their geographical regions of coverage adequately. The result agrees with Obaji (2011) who found that, industrial distributors map their geographical regions of coverage adequately with digital and other tools to the extent that it is almost impossible for them to miss out on any location detail, or have them deliver an order twice to the same location.

The study showed that EABL logistics are managed by a professional distributor. The result agrees with Einav & Levin (2010) who observed that, for national distribution, the challenge is even bigger because of the diverse locations that orders may come from; and for such a logistical nightmare can only be managed by a professional distributor and not just any producer since it requires lots of planning and design to ensure that there is accuracy on where orders are delivered.

The study signified that EABL distributors usually have depots in all major towns. The study result is consistent with Lafontaine & Slade (2010) who notes that, distributors
usually have depots in all major towns and also have enough transport vessels to allow them to respond to orders made in real time. These are facilities that producers may not have especially all-round the country.

The study showed EABL has an effective product distribution channel. This study outcome agrees with Sana (2011) who states that, while it is crucial that an order is delivered promptly, and at the right place, it is equally important that it is also delivered at the right time, and when an order is delivered late, it is inconveniencing to the buyer because time utility has not been satisfied.

5.4 Conclusion

5.4.1 Product Component Marketing Mix and Performance

The study concludes that beers produced by EABL were of superior quality in the market since the firm employed some good level of product enhancement on its beers. Information sharing by distributors enabled EABL to better its product quality through quality monitoring of products. EABL conducted quality evaluation of its products, by undertaking initiatives to make their products better, which made their products gain a better appeal to the customers. The firm ensured that lots of after-sales services were given to customers buying their goods, which were measured by the quality standards of their products. The sales returns of the firm were properly managed, leading to minimal losses and wastage.

5.4.2 Price Component Marketing Mix and Performance

The study concludes that the feedback on prices of EABL’s beers was mostly positive since the firm’s cost structure allowed for competitive pricing of its products. EABL undertook market research to determine the most optimum price for its products, since the firm’s storage costs were not significant enough to affect product pricing. The opportunity cost of storing beer at EABL’s warehouses was not substantial to warrant a change of business model, and the price of their products was justified by the cost incurred during production. The firm issued trade discounts as a cost related to distribution, it engaged in direct selling through industrial distributors. EABL was exempted from handling costs by industrial distributors hence lowering the price of their products, and this positively impacted their product pricing.
5.4.3 Promotion Component Marketing Mix and Performance

The study concludes that the advertisements done about EABL beers were effective in encouraging retailers to stock the firm’s products, and their direct marketing, personal selling, and trade fairs were highly effective. The firm engaged in public relations as an element of promotion, as well as customer care service, which was a significant form of promotion in the firm. This was supported by promotional competitions organized by the firm to create a positive image of the company. EABL offered cash discounts to its customers as a sales promotion technique, and its distributors engaged in trade fairs as a sales promotion technique. This allowed the firm to offer quantity discounts to encourage customers to buy larger quantities of their products.

5.4.4 Place Component of Marketing Mix and Performance

The study concludes that EABL products were accessible to the whole of the Kenyan market, and customer orders on products were handled fast with minimal complaints. There were enough transport vehicles transporting EABLs’ merchandise in the market, ensuring that order delivery to retailers and customers was prompt. The firm managed the movement of their own stock in the market and this facilitated their consistency in delivery of orders. The company’s distributors map their geographical regions of coverage adequately and their logistics were managed by professional distributors. EABL distributors usually had depots in all major towns, and this enabled the firm to have an effective product distribution channel within the market.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Product Component Marketing Mix and Performance

The study recommends the managers of EABL to outsource their transport services. This will help in reducing the cost of breakages (broken beers during transport) to the company. This cost may be transferred to the outsourced firm, thus reducing the cost of handling for the company.
5.5.1.2 Price Component Marketing Mix and Performance

The study recommends the managers of EABL to reduce on their trade discount offers. Trade discounts are quite difficult for the firm to have to deal in cases where there are lots of customer requests for trade discounts. This will prevent the firm from loosing some of their clients who would be unsatisfied if their requests are not met by the firm.

5.5.1.3 Promotion Component Marketing Mix and Performance

The study recommends EABL managers to outsource distributors to carryout their direct marketing activities, since the firm as a producer has more concerns related to production and might not be able to effectively undertake direct marketing activities.

5.5.1.4 Place Component of Marketing Mix and Performance

The study recommends that EABL managers to employ professional to manage the movement of their stock. This will protect the company from making mistakes while meeting their customer orders. This will also ensure that the firm acquires enough vessels that will facilitate the transportation of their merchandise in the market.

5.5.2 Recommendations for Further Research

This study was conducted at the headquarters of EABL and focused on how product, price, promotion and place influenced the marketing performance of the firm. The results are therefore limited to EABL and on the four marketing components that the study reviewed. There is a need to a similar study to be conducted on other beer companies in the country for a comprehensive study, and for further studies to be carried out on EABL focusing on other marketing components like, probe, people, process and positioning.
REFERENCES


APPENDICES

APPENDIX I: RESEARCH INSTRUMENT - QUESTIONNAIRE

I am Maureen Kajuju, a postgraduate student of United States International University, Kenya, conducting a research titled “The Effect of Industrial Distributors on Marketing Performance of Beer Firms in Kenya”. You have been chosen to participate in this research by providing your opinion. Information provided will be treated confidentially and so you do not need to indicate your identity on the questionnaire. The information will be used only for academic purposes. Follow the instructions while filling in this questionnaire.

PART A: PROFILE OF RESPONDENTS

1. Gender
   Male [ ]
   Female [ ]

2. Age in Years
   <=20 Yrs [ ]
   21-30 Yrs [ ]
   31-40 Yrs [ ]
   41-50 Yrs [ ]
   >50 Yrs [ ]

3. Highest academic education attained
   Diploma [ ]
   Bachelor’ [ ]
   Postgraduate [ ]

4. For how long have you worked with EABL?
   <3yrs [ ]
   4-6 yrs [ ]
   7-9 yrs [ ]
   =>10yrs [ ]
PART B: PRODUCT COMPONENT OF EABL’S MARKETING MIX

Please indicate the extent to which you agree or disagree with the following statements describing product component by using the scale; 1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

<table>
<thead>
<tr>
<th>Question</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Beers produced by EABL are of superior quality in the market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. There is some good level of product enhancement done on EABL’s beers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Information sharing by distributors enables EABL to better product quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. We do quality monitoring of our products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. We do quality evaluation of our products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. We undertake initiatives to make our products better</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. We make our products have a better appeal to the customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Lots of after sales services are given to customers buying goods from</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. We measure the quality standards of our products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Sales returns are properly managed with minimal losses and wastage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PART C: PRICE COMPONENT OF EABL’S MARKETING MIX

Please indicate the extent to which you agree or disagree with the following statements describing price component by using the scale; 1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

<table>
<thead>
<tr>
<th>Question</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Feedback on prices of EABL’s beers is mostly positive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. The cost structure of EABL allows for competitive pricing of beers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. EABL undertakes market research to determine the most optimum price of products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Storage costs are not significant enough to affect price of beers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. The opportunity cost of storing beer in EABL warehouses is not substantial to warrant change of business model</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Price of EABL products are justified by the cost incurred</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. EABL issues trade discounts as a cost related to distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. EABL engages direct selling through industrial distributors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. EABL is exempted from handling costs by industrial distributors hence lowering the price of products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Through industrial distributors EABL is exempted handling costs which positively impacts the pricing of products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PART D: PROMOTION COMPONENT OF EABL’S MARKETING MIX

Please indicate the extent to which you agree or disagree with the following statements describing promotion component by using the scale; 1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

<table>
<thead>
<tr>
<th>Question</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Advertisements done on EABL beers are effective to encourage retailers to stock firm’s products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Direct marketing done for EABL beers is high effective</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Personal selling done for EABL beers is highly effective</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Trade fairs conducted for EABL products are highly effective</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. EABL engages in public relations as an element of promotion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Customer care service is a key form of promotion in EABL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. EABL organizes promotional competitions in order to create a positive image of the company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. EABL offers cash discounts to its customers as a sales promotion technique</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Distributors engage in trade fairs as a sales promotion technique</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. EABL offers quantity discounts to encourage customers to buy larger quantities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PART E: PLACE COMPONENT OF EABL’S MARKETING MIX

Please indicate the extent to which you agree or disagree with the following statements describing place component by using the scale; 1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

<table>
<thead>
<tr>
<th>Question</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. EABL products are accessible to the whole of the Kenyan market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Customer orders on EABL products are handled fast with minimal complaints</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. There are enough transport vehicles transporting EABL merchandise</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Order delivery to retailers and customers is prompt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. EABL manages the movement of their own stock in the market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. EABL is consistent in delivery of orders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. EABL distributors map their geographical regions of coverage adequately</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. EABL logistics are managed by a professional distributor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. EABL distributors usually have depots in all major towns</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. EABL has an effective product distribution channel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX II: NACOSTI RESEARCH LICENSE

This is to certify that Miss. Maureen Gitonga of United States International University Africa, has been licensed to conduct research in Nairobi on the topic: The Effects Of Industrial Distributors In The Marketing Performance Of Beer Firms In Kenya. Case Study East Africa Breweries Limited, Kenya. for the period ending: 09/September/2020.

License No: NACOSTI/P/19/935

Ref No: 822115

Date of Issue: 09/September/2019

Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.