THE IMPACT OF CHANNEL MANAGEMENT AS A MARKETING STRATEGY FOR CONSUMERS' SATISFACTION: A STUDY OF SELECTED COMPANIES IN NIGERIA

BY

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MBA/ADMIN/11140 /2008 - 2009
(G08BAMP8142)

BEING A PROJECT SUBMITTED TO THE POSTGRADUATE SCHOOL OF AHMADU BELLO UNIVERSITY, ZARIA IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE MASTER OF BUSINESS ADMINISTRATION (MBA)

DEPARTMENT OF BUSINESS ADMINISTRATION,
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DECLARATION

I hereby declare that this project work is a product of my research effort, all works and articles consulted have been duely acknowledged in the Bibliography.

Maxwell Uzomah Ekejuba		08/03/11
Name of Student	Signature	Date

CERTIFICATION

This is to certify that this research title "**The Impact of Channel Management as a Marketing Strategy for Consumers' Satisfaction: A Study of Selected Companies in Nigeria**", written by Maxwell Uzomah Ekejuba, meets the regulations and requirements governing the award of the Degree of Master of Business Administration (MBA), of the Ahmadu Bello University, Zaria and is approved therefore for its contribution to knowledge and literary presentation.

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DEDICATION

This research work is dedicated to the Lord Almighty and to my entire family.

ACKNOWLEDGEMENT

My sincere appreciation to my parents and my family, May Lord in his infinite mercy bless you abundantly.

My profound gratitude to my project supervisor Dr. O.D.Y. Malachy who guided me through my research study, Thank You Sir, I am indeed grateful.

To all my colleagues (MBA 2008 – 2009) academic session, it was really an honour to be with during that session, I do appreciate you all.

Abstract

Marketing channel strategy is one of the major strategic areas of marketing management, fits under the distribution (place) variable in the marketing mix. Management must develop and operate its marketing channels in such a way as to support and enhance the other strategic variables of the marketing mix in order to meet the demands of the firm's target markets. The main objective of the Study is to assess the impact of channel management as a marketing strategy for consumers' satisfaction: A study of some selected companies in Nigeria. For the purpose of this study, the researcher adopts the survey research design which will enable the researcher to obtain facts, figures and conditions of the variables under study from a sizeable portion of the population The study found out that the that the channel strategy as adopted by the firms is indeed effective as marketing strategy also towards improving customer's satisfaction. But many are not sure whether the companies do exact full control over the channel members. The study also established that the success of the companies to constantly supply their product in the market does not necessarily depends on the number of channel members within the distribution chain, but relies heavily on the degree of channel management and control. The study therefore recommends that management should constantly align its distribution objectives with the appropriate channel flow to ensure effective distribution of goods and services at the right time and place.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This is the opening chapter of this research work and it dwells on the background to the study, statement of research problem, objectives of the study, research questions, formulation of hypothesis, significance of the study, scope, and limitations of the study.

1.1 Background to the study

According to Charles D. Schewe (1987:385), " We live in an instance society, we used to lived in a world where it were acceptable to sent a package through railway express, and it would get there in a week to ten days. Nowadays, everybody wants to get the package tomorrow morning. The harsh economic environment in which many companies, including Nestle foods Nigeria Plc operates, has devastating sales activities.

According to Lele M.M and Sheth J .M (1987: 23) "Manufacturers/ wholesalers relationship has been, or are being improve towards satisfying and gaining the customers patronage, through effective distribution". Fiscal distribution involves the movement of product in all stages of development, from resource procurement, through manufacturing and onto final sells. Raw materials offer little satisfaction until they reach the hand of the producer and are turned into finished products. From this stand point, distribution can be seen

as adding value, or satisfaction, because it involves moving raw materials to manufactures, and from the point of production similarly helps move the finished product through intermediaries, to the final or ultimate consumers.

According to Schewe C. D. (1987: 386), "distribution accomplishes time and place utility", in other word availability. Reducing the distance between buyers and sellers, provides time and place utility. Consumers do not like to travel long distance or spend a lot of time shopping for products. "When a product is located close to its potential buyers, the satisfaction it offers is enhanced (Lele M. M and Sheth J. M, 1987:23).

The use of M.D.S (Mass Distribution depots), the appointment of Merchant House Cooperatives and individuals as major distributor and/or sub distributors of Nestle Foods Nigeria Plc, is an excellent example of how product can be brought to the door –steps of the final consumers and thereby enhance their satisfaction. This distribution networks and the rapport that has subsisted between Nestle and her distributors (Whole sellers) in term of relationship, has helped in bridging the time and place barriers in other to exchange and enhance satisfying the consumers' wants and need.

The essence of what marketing channels are all about—making products and services conveniently available to customers when, where, and how they want them. (Amazon.com, ZooDoo as assessed in) it is through marketing channels that the vast array of customer demand is satisfied.

These marketing channels and the people who participate in them comprise complex and dynamic systems. But much of what they do is not visible to final customers. Customers see only the end result of a host of strategies, plans, and actions that create new types of stores, distribution centers, services, and technologies that determine the structure and operation of marketing channels. Marketing channels in turn affect the lives of hundreds of millions of customers who rely on them to make the myriad of products and services from around the globe so conveniently available.

1.2 Statement of the Problem

Over the years, persistent selling difficulties, cut throat competition, fuzzy economic expediencies and downtime in consumer's purchasing power, have forced many companies to adopt different types of distributions network system aimed at satisfying the end user of their various products – the consumers, by placing their right product at the right place and at the right time.

For most manufacturers, success or failure is determined by how effectively and efficiently their products are sold through their marketing channel members (e.g., agents, wholesalers, distributors, and retailers). Given this situation, considerable marketing channel research has focused on how interrelationships among a firm and its channel members can be managed better. Keeping customer happy through the marketing mix, especially distribution (place), is the basis of the marketing concepts that many companies including Nestle

Foods Nigeria Plc, claim to follow. Thus, it is against this development that the researcher set out to assess the impact of channel management as a marketing strategy for consumers' satisfaction focussing on some selected organizations in Nigeria.

1.3 Objectives of the Study

The main objective of the study is to assess the impact of channel management as a marketing strategy for consumers' satisfaction. Consequently, specific objectives include the following:

i. To determine the nature of channel of distribution as adopted by the selected companies.
ii. To determine the effectiveness of the channel of distribution adopted by the selected companies.
iii. To assess the extent to which channel management influence the company's marketing strategies.
iv. To assess the relative impact of channel management on consumers satisfaction.

1.4 Research Questions

i. What is the nature of channel of distribution as adopted by the selected companies?

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ii. How effective is the channel of distribution adopted by the selected companies?

iii. To what extent does channel management influence the company's marketing strategies?

iv. What is the relative impact of channel management on consumers satisfaction?

1.5 Formulation of Hypotheses

The following hypotheses were formulated for testing for this research study:

H_0 = There is no significant impact of channel management on consumers satisfaction.

H_1 = There is significant impact of channel management on consumers satisfaction.

1.6 Significance of the Study

The study is based on the assessment of the impact of channel management as a marketing strategy for consumers' satisfaction, thus the study will be of immense benefit to all manufacturing organizations and all other firms involved in the distribution of goods and services in Nigeria.

It will also be beneficial to management of private firms and policy makers for government owned establishments in areas of locating business outfits and

warehouses to aid effective channel management to elicit maximum consumer satisfaction. Finally, it will add to the existing body of literature.

1.7 Scope of the Study

The scope of this study/research work will be restricted to only one of the many multi-national corporations in Nigeria-nestle foods Nigeria Plc Nasco Foods Nigeria Limited and Paterson Zochonis PZ Nigeria Limited in Plateau State. The study/research sough more marketing insights into the marketing activity, that is perhaps least visible to the consumers, but is not the least important-Distribution.

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The research also focused on the impact of an improved producer-wholesalers relationship as its affect s Nestle Foods Nigeria Plc. Product performance in Plateau state, and the perceived consumers' satisfaction with their products in term of distribution per excellence.

1.8 Limitation of the Study

The research is challenged by time and financial constraint. Similarly, the researcher faced serious difficulties in obtaining information from the management of the organization as they declare some data confidential even though every effort was made to get the full cooperation of top management staff of Nestle Foods Nigeria Plc, Nasco Foods Nigeria Limited and Paterson

Zochonis PZ Nigeria Limited in Plateau State; the Plateau branch was very difficult to penetrate especially during the recurrent crisis going on in the state.

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CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Distribution ensures that people will be able to obtain product when and where they want them. It involves the actual movement of product as well as ownership to the ultimate consumers. This is the second chapter of the research study and it presents the contributions of various scholars on the concept of channel management, marketing channel, and customers' satisfaction.

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2.1 The Concept of Channel Marketing

The concept of the marketing channel can be confusing. Sometimes it is thought of as the route taken by a product as it moves from the producer to the consumer or other ultimate user. Some define it as the path taken by the title to goods as it moves through various agencies. Still others describe the marketing channel in terms of a loose coalition of business firms that have banded together for purposes of trade.

Much of the confusion probably stems from differing perspectives or viewpoints. The manufacturer, for example, may focus on the different intermediaries needed to get products to customers, so he might define the marketing channel in terms of the movement of the products through these various intermediaries. Intermediaries such as wholesalers or retailers who are expected to carry substantial inventories from various manufacturers and bear

the risks associated with this function may view the flow of the title to the goods as the proper delineator of the marketing channel.

Consumers may view the marketing channel as simply "a lot of middlemen" standing between them and the producer of the product. Finally, the researcher observing the marketing channel as it operates in the economic system may describe it in terms of its structural dimensions and efficiency of operation (Dickinson and Cooper, 1992)

Given these differing perspectives, it is not possible to have a single definition of the marketing channel. The managerial decision-making defined marketing channel as: The external contactual organization that management operates to achieve its distribution objectives. It is worth noting to identify four terms in this definition: external, contactual organization, operates, and distribution objectives.

The term external means that the marketing channel exists *outside* the firm. In other words, it is not part of a firm's internal organizational structure. Management of the marketing channel therefore involves the use of inter-organizational management (managing more than one firm) rather than intra-organizational management (Evan,1969).

The term contactual organization refers to those firms or parties who are involved in negotiatory functions as a product or service moves from the producer to its ultimate user. Negotiatory functions consist of buying, selling, and transferring title to products or services.

Consequently, only those firms or parties who engage in these functions are members of the marketing channel. (Granzin, 1988) Other firms (usually referred to as facilitating agencies) such as transportation companies, public warehouses, banks, insurance companies, advertising agencies, and the like, which perform functions other than negotiatory, are excluded (Louis 1972)

The third term, operates, suggests involvement by management in the affairs of the channel. This involvement may range from the initial development of channel structure all the way to day-to-day management of the channel. Finally, distribution objectives, the fourth key term in the definition, means that management has certain distribution goals in mind. The marketing channel exists as a means for reaching these. The structure and management of the marketing channel are thus in part a function of a firm's distribution objectives.

Marketing channels can be defined as the set of external organizations that a firm uses to achieve its distribution objectives. Essentially, a channel is the route, path, or conduit through which products or things of value flow, as they move from the manufacturer to the ultimate user of the product (Harris and Corey, 2002). The marketing channel (inter-organizational network of institutions comprised of agents, wholesalers, and retailers), by performing a variety of distribution tasks, plays a significant role in the flow of products from producers to consumers and on company profitability. Thus, manufacturers are increasingly concerned about the level of performance their channel institutions provide (Fites, 1996; Heide, and John 1990).

Like other areas of business, marketing channels require careful administration, as superior channel management policies and strategies help a firm attain a differential advantage but concomitantly are difficult to duplicate (McQuiston, 2001). Marketing channel management refers to the process of analyzing, planning, organizing, and controlling a firm's marketing channels (Harris and Corey, 2002).

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2.2 Marketing Channels and Marketing Management Strategy

Marketing mix model portrays the marketing management process as a strategic blending of four controllable marketing variables (the marketing mix) to meet the demands of customers to which the firm wishes to appeal (the target markets) in light of internal and external uncontrollable variables. The basic marketing mix variables, often referred to as "the four Ps," are product, price, promotion, and distribution (place).

The external uncontrollable variables are such major environmental forces as the economy, socio-cultural patterns of buyer behavior, competition, government, and technology; the non-marketing functions of the firm constitute internal uncontrollable variables.

The major tasks of marketing management are to seek out potential target markets and to develop appropriate and coordinated product, price, promotion, and distribution strategies to serve those markets in a competitive and dynamic environment. Marketing channel strategy, one of the major strategic areas of

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marketing management, fits under the distribution (place) variable in the marketing mix. Management must develop and operate its marketing channels in such a way as to support and enhance the other strategic variables of the marketing mix in order to meet the demands of the firm's target markets.

2.3 Channel Strategy versus Logistics Management

Channel strategy fits under the distribution variable of the marketing mix. Logistics management also fits under this variable—and the two components (channel strategy and logistics management) together comprise the distribution variable of the marketing mix. Channel strategy and logistics management are closely related, but channel strategy is a much broader and more basic component than is logistics management.

Channel strategy is concerned with the *entire process* of setting up and operating the contactual organization that is responsible for meeting the firm's distribution objectives. Logistics management, on the other hand, is more narrowly focused on providing product availability at the appropriate times and places in the marketing channel. Usually, channel strategy must already be formulated *before* logistics management can even be considered.

The channel strategy had to be developed and implemented first through channel management would logistical management enter the picture. This is not to argue that logistics is not an important part of distribution strategy. On the

contrary, effective logistics management is vital to the success of the firm's overall distribution strategy.

2.4 Decision Areas in Formulating Channel Strategy

There are seven decision areas identified in numerous articles and textbooks, it comprises seven decision areas: (1) formulating channel strategy, (2) designing marketing channels, (3) selecting channel members, (4) motivating channel members, (5) coordinating channel strategy with channel members, (6) assessing channel member performance, and (7) managing channel conflict (Fites, Heide, and John, 1990).

All seven areas are critical to superior market performance and long-term customer loyalty. Consequently, the linkage of these seven channel functions with sales management is the focus of our investigation. Although viable companies must skilfully manage all of their channel activities, which sales managers are doing which of the seven areas is unclear (Boone and Kurtz, 2001).

2.4.1 Formulating marketing channel strategy

Channel strategy refers to the broad set of principles by which a firm seeks to achieve its distribution objectives (Heide and John, 1990)]. It focuses on devising channel tactics pertaining to issues such as the role that distribution should play in the firm's overall corporate objectives and strategies, the role

distribution should play in the firm's marketing objectives and strategies, and the congruency that exists between channel strategy and the marketing mix (Mehta, 2002).

2.4.2 Designing marketing channels

Channel design refers to the development of new channels or the modification of existing channel structures. Anderson, and Narus, (1996) note that marketing channels must be aligned with the firm's overall objectives and competitive strategy. Devising the structure or ''architecture'' of the marketing channel system entails four key channel design dimensions: (a) number of levels in the channel, i.e., the number of intermediary levels between the manufacturer and ultimate users, (b) intensity at the various levels, i.e., the number of intermediaries at each level, (c) types of intermediaries, i.e., particular kinds of middlemen, and (d) number of channels, viz., single, dual, or multiple marketing channels.

The foregoing dimensions typically produce a number of possible channel alternatives. These alternatives must be evaluated in light of an array of variables, such as served markets, product types, and germane environmental and behavioral factors. Analyzing the channel alternates can be extremely complex because several approaches and quantitative models may be utilized in identifying and then implementing the optimal channel structure (Fites, 1990).

2.4.3 Selecting marketing channel members

Once the marketing channel has been designed, channel members are selected to represent a firm and resell its products to final customers. Initially, prospective channel members are found and assessed for "fit." To do this, a prospective channel member's credentials (e.g., credit history, reputation, number of product lines, market coverage, and number of salespeople) need to be examined for congruency with the manufacturer's marketing objectives. Ultimately, the producer secures and converts prospects to formal channel members by offering them various motivational inducements (Harris, and Corey, 2002).

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2.4.4 Motivating marketing channel members

As independent institutions, channel members are not under the direct control of the firms they represent; as a result, they do not automatically cooperate and comply with manufacturer requests. Thus, producers need to take administrative actions to secure channel intermediaries' cooperation as well as to maintain and improve channel effectiveness. So, motivating channel members plays a strategic role. In essence, a manufacturer devises various motivational programs to induce channel intermediaries to exert higher levels of effort in serving the firm's target market (Trottman, 2001).

Some motivational strategies commonly used by firms to induce channel member cooperation include paying higher slotting allowances, offering higher

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trade discounts, providing strong advertising and promotional support, training channel members' salespeople, and offering superior logistical support (Fites, 1990).

2.4.5 Coordinating marketing channel strategy

Marketing channels have conventionally been viewed as a network of dissimilar but interdependent institutions that have coalesced together for purposes of trade. Marketing channel scholars have long promulgated the need for coordinating and integrating channel activities with other departments of a firm. Coordination in an inter-organizational setting of marketing channels includes relaying information on new channel policies or communicating the launch of sales promotion programs to its channel members. Such efforts are undertaken to ensure that all channel participants are cognizant of the manufacturer's marketing activities with respect to channel members. Despite the differing goals of independent channel participants, coordination of the channel is necessary to reduce the redundancy of work effort and the inefficient allocation of distribution tasks among channel members (Heide, and John 1990).

2.4.6 Assessing marketing channel member performance

Channel member performance represents the degree to which the channel member engages in behavior that contributes to the fulfilment of the channel

leader's objectives (Fites, 1990). Firms have become increasingly reliant upon channel members for the efficient and effective performance of marketing functions. Moreover, the level of performance attained by channel members is pivotal for a firm's achieving a competitive advantage (McQuiston, 2001). Thus, by assaying the performance of channel members, manufacturers can discern how successful they have been in implementing channel strategies as well as achieving their distribution objectives.

2.4.7 Managing marketing channel conflict

Marketing channels can be viewed as social systems influenced by behavioral dynamics (such as channel conflict) that are associated with all social systems (Trottman, 2001). Conflict in marketing channels, which has been the focus of numerous channel investigations (Gaski as cited in Fites, 1990), refers to goal-impeding behavior by one or more channel members. Thus, when one channel member takes actions that another channel participant believes will reduce its ability to achieve its objectives, conflict is present. As conflict can have an adverse effect on channel member performance, channel managers must make conscious efforts to detect and resolve it (Fites, 1990).

2.5 Concept of Customers' Satisfaction

Customer satisfaction is a post-purchase evaluation of a service offering (Oh, 2000, Bolton and Drew 1991). A traditional definition of customer

satisfaction followed the disconfirmation paradigm of consumer satisfaction/dissatisfaction (CS/D), suggesting that CS/D is the result of interaction between the consumer's pre-purchase expectations and post purchase evaluation (Cadotte, 1987). Anton (1996) gave a more current approach. He defined customer satisfaction as a state of mind in which the customer's needs, wants, and expectations throughout the product of service life haven been met or exceeded, resulting in future repurchase and loyalty.

Some researchers support the idea that satisfaction can be measured from a perspective of performance evaluations, making the inclusion of the disconfirmation process needless. Furthermore, satisfaction is not only consists of cognitive element but have to include emotional element in determining customer satisfaction.

Creating customer satisfaction is a defensive strategy and the behavioural objective for defence is customer loyalty (Fornell, 1992). Fornell discussed that customer satisfaction will be influenced if the demand and supply are different. Satisfaction will be low when the customer demand is heterogeneous and the supply is homogeneous. To retain customer, switching barrier and customer satisfaction are the two basic forms which need to be fulfilled. Switching barriers make it costly for customer to switch to competitors and customer satisfaction makes it costly for competitor to take away another firm's customer.

According to Fornell, switching barrier is less effective compared to customer satisfaction. He claimed that high customer satisfaction reduces the

competition in terms of price promotion whereas switching barrier greatly involves in price promotion.

2.6 Satisfaction as antecedent of customer loyalty

Customer satisfaction is considered to be one of the most important outcomes of all marketing activities in a market-oriented firm and become the most important predictor of future behavioral intention (Shamdasani and Balakrishnan 2000, Hamburg and Giering 2001, Gorst, Wallance and Kanji 1998, Oliver 1999, Fornell et al. 1996, Huber and Herman 2001). Satisfaction remains as a strong predictor for behavioral outcomes (Cronin, Brady, and Hult 2000; Cronin and Taylor 1992; McDougall and Levesque, 2000; Andreas and Wolfgang, 2002).

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Satisfaction is an outcome of purchase and use resulting from the buyer's comparison of the rewards and cost of the purchase in relation to the anticipated consequences. It reflects how much the consumer likes or dislikes the service after experiencing it. When customers are able to have the opportunities to evaluate the quality of the delivered service, satisfaction is expected to have an effect on customer loyalty. Croin & Taylor (1992) proved that customer satisfaction exerts a stronger influence on future purchase intention.

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CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

Fagbohungbe (2002 as cited in Abiola, and Adeyeye 2006), posited that research refers to an organized investigation of a problem, a systematic approach to its solution or alleviation of the simple, complex, immediate or long-term problems. This being the third chapter of the research study explains the modus operandi of conducting the research work. It covers the research population, research sample, research design, method of data collection, sources of data, method of data analysis, and justification for the methods of data analysis used.

3.1 Research Design

Nnamdi (1991) defined research design as means the structuring of investigation aimed at identifying variables and their relationships to one another. This is used for the purpose of obtaining data to enable the researcher test hypothesis or answer research questions. The study is designed to assess the impact of channel management as a marketing strategy for consumers' satisfaction, and for the purpose of this study, the researcher adopts the survey design which will enable the researcher to obtain facts, figures and conditions of the variables under study from a sizeable portion of the population which constitutes the sample of the study.

3.2 Research Population

According to Asika (1991), "a population is made up of all conceivable elements, subjects or observations relating to a particular phenomenon of interest to the researcher. Subjects or elements are individual items that make up the population. For the purpose of this study, the population of the study constitutes all the staff of Nestle foods Nigeria Plc, Nasco foods (Nigeria) limited and Paterson Zochonis PZ Nigeria Plc all in Jos, Pateau State.

3.3 Sample Size and Sampling Technique

According to Nnamdi (1991), a sample size is a portion of the entire population that the researcher is interested in studying in order to infer generalization on the entire population. The researcher adopts the purposive research design which involves using a sample that only have the knowledge to provide adequate information for the study; in this case, the researcher focused only on sixty two (62) permanent staff from marketing and sales department of the three companies. (21 Nestle foods Nigeria Plc, 25 Nasco foods (Nigeria) limited and 16 Paterson Zochonis PZ Nigeria Plc)

3.4 Method of Data Collection

There are two sources of data available to a researcher which the primary and secondary sources. The data are collected using various forms of methods which

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include: questionnaire, video camera, audio recorder, interview, focal group discussion etcetera. The researcher used two methods for data collection obtain primary and secondary data through the following instruments: Questionnaire:

According to Asika (1999), a questionnaire consist of a set of questions designed to gather information/data for analysis, the result of which are used to answer the research questions or used for the test of relevant hypothesis. The questions were designed to answer the research questions also to test the hypothesis formulated for the study.

Interview: This is the situation were interviews are conducted between the researcher and some of the respondents in order to provide immediate response to unclear answers provided by the respondents.

3.5 Method of Data Analysis

The researcher adopted the simple percentage and chi-square statistical techniques in the analysis of data obtained from the field which were presented in a tabular form. The chi-square statistical technique is represented as follows:

$$X^2 = \frac{\sum(fo - fe)^2}{fe}$$

Where X2 = chi-square

fe = expected value

fo = observed value

$\sum$ = summation of

DF = Degree of freedom.

3.6 Justification for the Method Used

The instrument used in collecting data by the researcher is considered reliable as it tends to elicit the correct responses from the sample respondents or subjects also eliminate all forms of researcher bias in the analysis of the data collected. The techniques (simple percentage and chi-square statistical techniques) were found useful as they are more suitable for topic under study. The techniques are convenient, easy and also simple to understand.

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CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter focus on the presentation and analysis of data generated from the field exercise with a view to finding solution to the research questions generated for the study. Also provide answer to the hypothesis formulated for the study.

4.1 Data Presentation and Analysis

Q1. Indicate your Gender.

Table 4.1.1 Gender distribution of respondents

Options	Responses	%
Male	39	62.90
Female	23	37.10
Total	62	100

Source: Field survey 2011

Table 4.1.1 above presents the gender distribution of the respondents and shows that 39 respondents representing 62.90% were male, while the remaining 23 respondents representing 37.10% were female. This implies that there are more male permanent staff in marketing and sales department of the organization under study for the period of the study.

Q2. Please indicate your age group

Table 4.1.2 Respondents distribution by Age

Options	Responses	%
20 – 30	17	27.42
31 – 40	38	61.29
41 – 50	7	11.29
50 and above	-	-
Total	62	100

Source: Field survey 2011

Table 4.1.2 above presents the distribution of respondents of respondents by age and shows that 17 respondents representing 27.42% are within the ages of 20 - 30 years. 38 respondents representing 61.29% are within the ages of 31 – 40 years. No respondent was 50 years and above, while the remaining 7 respondents representing 11.29% are within the ages of 41 – 50 years. This implies that majority of the respondents are within the ages of 31 – 40 years of age.

Q3. Marital Status

Table 4.1.3 Respondents Marital Status

Options	Responses	%
Single	31	50.00
Married	24	38.71
Separated/divorced	5	8.06
Widowed	2	3.23
Total	62	100

Source: Field survey 2011

The above table 4.1.3 above shows that 31 respondents representing 50% are single. 24 respondents representing 38.71% were married. Only 2 respondents representing 3.23 were widowed; while the remaining 5 respondents

representing 8.06% are either separated or divorced. This implies that majority of the respondents are single.

Q4. Educational Qualification of Respondents

Table 4.1.4

Options	Responses	%
Diploma	19	30.65
HND	13	20.97
B.Sc	27	43.55
Masters	3	4.84
Total	62	100

Source: Field survey 2011

Table 4.1.4 above presents the educational qualification of the respondents, hence shows 19 respondents representing 30.65% had obtained a diploma. 13 respondents representing 20.97% had HND. While on 3 respondents representing 4.84% had masters; the remaining 27 respondents representing 43.55% did obtained B.Sc. This implies that majority of the respondents are B.Sc Holders.

Q5. Years of Service

Table 4.1.5 Respondents distribution by Years of Service

Options	Responses	%
Less than 1 year	-	-
1 – 5 years	12	19.35
6 – 10 years	33	53.23
11 – 15 years	11	17.74
16 years and above	6	9.68
Total	62	100

Source: Field survey 2011

Table 4.1.5 above presents the distribution of respondents by years of service to their firms, hence no respondent worked with for less than a year. 12 respondents representing 19.35% worked with their firm between 1 – 5 years. 33 respondents representing 53.23% worked between 6 – 10 years. 11 respondents representing 17.74% served for 11 to 15 years; while the remaining 6 respondents representing 9.68% served for more than 16 years. This implies that majority of the respondents served their firm for 6 – 10 years.

Q6. Does your company have / operate any form of channel strategy?

Table 4.1.6

Options	Responses	%
Yes	62	100
No	-	
Total	62	100

Source: Field survey 2011

Table 4.1.6 above shows that all the respondents (100%) agreed that their company operate one form of channel strategy for their products to reach the market.

Q7. What type of channel strategy does your firm operates?

P - C = Producer to Consumer

P – D – C = Producer to Distributor to Consumer

P – W – C = Producer to Wholesaler to Consumer

P – D – R – C = Producer to Distributor to Retailer to Consumer

P – D – W – C = Producer to Distributor to Wholesaler to Consumer

P – D – W – R – C = Producer to Distributor to Wholesaler to Retailer to Consumer

Table 4.1.7

Options	Responses
P – C	16
P – D – C	37
P – W – C	11
P – D – R – C	18
P – D – W – C	12
P – D – W – R – C	43

Source: Field survey 2011

Note: Respondents to pick more than one option

The above table 4.1.7 shows that most of the respondents believe that their company adopts the "Producer to Distributor to Consumer" and "Producer to Distributor to Wholesaler to Retailer to Consumer" with 37 and 43 responses respectively.

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Q8. How effective is channel strategy as a marketing strategy to your firm?

Table 4.1.8

Options	Responses	%
Very effective	13	20.97
Effective	41	66.13
Very ineffective	-	0
Ineffective	8	12.90
Total	62	100

Source: Field survey 2011

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Table 4.1.8 above shows that 13 respondents representing 20.97% believed that the channel strategy as adopted by their firm is very effective as a marketing strategy. They were supported by 41 respondents representing 66.13% who believed the channel strategy is indeed effective. No respondent thought their channel strategy is very ineffective but 8 respondents representing 12.90% simply believed their firm's channel strategy is ineffective. This implied that the channel strategy as adopted by the firms under study is effective as a marketing strategy tool.

Q9. Does your management have control over the channel strategy been operated?

Table 4.1.9

Options	Responses	%
Yes	38	61.29
No	9	14.52
Undecided	15	24.19
Total	62	100

Source: Field survey 2011

The above table 4.1.9 shows that 38 respondents representing 61.29% agreed that their management have control over the channel strategy been operated by their firm. 15 respondents representing 24.19% were undecided about the question, while the remaining 9 respondents representing 14.52% believed their management have no control over the channel strategy been operated by their firm.

Q10. How effective is the channel strategy towards improving customers' satisfaction?

Table 4.1.10

Options	Responses	%
Very effective	11	17.74
Effective	37	59.68
Very ineffective	6	9.68
Ineffective	8	12.90
Total	62	100

Source: Field survey 2011

Table 4.1.10 above shows that 11 respondents representing 17.74% believed that the channel strategy adopted by their firm is very effective towards improving customers' satisfaction. They were supported by 37 respondents representing 59.68% who believed it is effective. 8 respondents representing 12.90% believed the channel strategy adopted by their firm is ineffective whom were closely supported by 6 respondents representing 9.68% who also believed the channel strategy adopted by their firm is very ineffective.

Q11. The success of firms to constantly supply their product in the market depends on the number of channel members in the chain of distribution.

Table 4.1.11

Options	Responses	%
Strongly agree	3	4.84
Agree	12	19.35
Strongly disagree	16	25.81
Disagree	31	50.00
Total	62	100

Source: Field survey 2011

Table 4.1.11 above shows that 3 respondents representing 4.84% strongly agreed that the success of firms to constantly supply their product in the market depends on the number of channel members in the chain of distribution, who were supported by 12 respondents representing 19.35% who also agreed with the statement. 16 respondents representing 25.81% strongly disagreed with the statement whom were strongly supported by 31 respondents representing 50% who also disagreed. This implied that the success of firms to constantly supply their product in the market does not necessarily depend on the number of channel members in the chain of distribution.

Q12. The success of firms to constantly supply their product in the market depends on the degree of channel management by the firm.

Table 4.1.12

Options	Responses	%
Strongly agree	19	30.65
Agree	37	59.68
Strongly disagree	-	-
Disagree	6	9.68
Total	62	100

Source: Field survey 2011

The above table 4.1.12 above shows that 19 respondents representing 30.65% strongly agreed that the success of firms to constantly supply their product in the market depends on the degree of channel management by the firm, who were supported by 37 respondents representing 59.68% who also agreed with the statement. No respondent strongly disagreed with the statement, whereas, 6

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respondents representing 9.68% simply disagreed. This implied that the success of firms to constantly supply their product in the market did depend on the degree of channel management by the firm.

Q13. Do you involve your distributors in decision making that affects your distribution policies?

Table 4.1.13

Options	Responses	%
Yes	38	61.29
No	13	20.97
Undecided	11	17.74
Total	62	100

Source: Field survey 2011

Table 4.1.13 above shows that 38 respondents representing 61.29% agreed that their management involve their distributors in decision making that affects their distribution policies. 11 respondents representing 17.74% were undecided about the question, while the remaining 13 respondents representing 20.97% believed their management does not involve their distributors in decision making that affects your distribution policies.

Table 4.1.14: Q14. How significant is their (distributors) contribution to the firm towards improving its customers' satisfaction?

Options	Responses	%
Very significant	11	17.74
Significant	38	61.29
Very insignificant	2	3.23
Insignificant	11	17.74
Total	62	100

Source: Field survey 2011

Table 4.1.14 above shows that 11 respondents representing 17.74% agreed that the contribution of distributors to the firm towards improving its customers' satisfaction is very significant. 38 respondents representing 61.29% believed it is indeed significant. 2 respondents representing 3.23% agreed it is insignificant, whereas, 11 respondents representing 17.74% believed distributors' contribution to the firm towards improving customer satisfaction is insignificant.

Q15. What are your reasons for your answer in Q14 above?

The distributors/retailers are closer to the consumers hence provide a very good source of information. Thus; producer-distributor relationship helps in the flow of information which assists the producer to offer better products at the right place and the right time. The distributors saves the company the risk of keeping unsold goods, also helps the company to control the price of their products.

4.2 Test of Hypothesis

n	124				
	Responses				
Question	Strongly Agree	Agree	Strongly Disagree	Disagree	Total
Q11	3	12	16	31	62
	(11.0)	(24.5)	(8.0)	(18.5)	
Q12	19	37	0	6	62
	(11.0)	(24.5)	(8.0)	(18.5)	
Total	22	49	16	37	124

Pearson's X^2	57.28

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statistic	
DF	3
p	<0.0001

The researcher used questions eleven and twelve to test the hypothesis formulated in chapter one. Using Pearson's chi-square statistic, with the p-value results of less than 0.05 tested at 95% Confidence level means that the result did support the alternate hypothesis which states that "There is significant impact of channel management on consumers' satisfaction"

4.3 Discussion of Findings

An in-depth interview support the fact that the companies under study have established channel members in most major cities in Nigeria, hence depending on the nature of the product and selling objective, the firm may decide to adopt the appropriate channel that suite the need of the organization. Thus, there is no single method of product flow; it all depends on the nature of the product and management policy to select the appropriate channel members to move their products to the final consumer. Once it is difficult to exert control over the channel members, the firms resort to moving the product directly to the consumers.

The study also found out that most of the respondents (permanent staff) were males within the ages of 31 – 40 years. They are single and had obtained B.Sc degree also worked for 6 – 10 years in their various firms. The companies under

study do operate one form of channel strategy as marketing strategy but the respondents were sceptical on the nature of channel members been pursued by their firms.

The study confirmed that the channel strategy as adopted by the firms is indeed effective as marketing strategy also towards improving customer's satisfaction. But many are not sure whether the companies do exact full control over the channel members. The study also established that the success of the companies to constantly supply their product in the market does not necessarily depends on the number of channel members within the distribution chain, but relies heavily on the degree of channel management and control.

The study further revealed that the firms do involve their distributors in decision making that affects their distribution policies and their contributions is significant to the firm towards improving customers' satisfaction being that the distributors/retailers are closer to the customers hence provide a very good source of information.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter presents the summary of the research work, the conclusion and the recommendations proffered for the study from the research findings.

5.1 Summary

Marketing channel strategy is one of the major strategic areas of marketing management, fits under the distribution (place) variable in the marketing mix. Management must develop and operate its marketing channels in such a way as to support and enhance the other strategic variables of the marketing mix in order to meet the demands of the firm's target markets. Marketing channel management refers to the process of analyzing, planning, organizing, and controlling a firm's marketing channels.

Like other areas of business, marketing channels require careful administration, as superior channel management policies and strategies help a firm attain a differential advantage but concomitantly are difficult to duplicate. Companies must upgrade their capacities, to understand consumers' problem, must share customers' worries, identify with their aspirations, display commitment to customers' survival, their profitability, growth and advancement.

Channel strategy is a more basic and comprehensive component of distribution strategy than is logistics management. Channel strategy is concerned with the entire process of setting up and operating the contactual organization that is responsible for meeting the firm's distribution objectives, whereas logistics management is more narrowly focused on providing product availability at the appropriate time and place in the marketing channel.

The links that tie channel members and other agencies together in the distribution of goods and services are referred to as channel flows.

It is of utmost importance to manage and coordinate all of these flows to achieve the firm's distribution objectives. A basic decision facing the channel manager in the development of the marketing channel is whether to use intermediaries such as wholesalers and retailers in the contactual organization and whether facilitating agencies should also be used. The basis for making this decision rests on the two fundamental concepts of specialization and division of labor and contactual efficiency.

5.2 Conclusions

Making products conveniently available to customers when, where, and how they want them is the essence of what marketing channels are expected to do. Without adequate channel management, a firm may not be able to achieve its distribution objectives. The study established the impact of channel management on customer satisfaction. The need to have a coordinated and well

structured channel could improve customers' satisfaction depending on the degree of control by the management. The level of management of the channel determines the success of the firm to effectively breach time and place gap which can serve as a competitive advantage to the firm.

5.3 Recommendations

The following recommendations were proffered based on the findings of the research study.

i. Management should constantly align its distribution objectives with the appropriate channel flow to ensure effective distribution of goods and services at the right time and place.

ii. Management of the companies should also assess regularly the strength and weaknesses of their channel members the contactual efficiency of the channel members.

iii. Management of the companies should organize training and workshops frequently for their channel members to assist them obtain data from their customers that will be beneficial to management in making decision that help improve customers' satisfaction.

iv. Management should recurrently assess channel members' potentials for growth to assist them in capacity building such as storage facilities like containers, warehouse facilities, also having company's' own truck to

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handle movement of the products from the producer to the distributors or retailers.

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