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Strategic Role of Distribution as a Source of Competitive Advantage in Fast-Moving Consumer Goods in Kenya

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Abstract- Developing successful strategy in distribution in today's fierce competitive environment is a complex undertaking. The general objective of the study is to establish the strategic role of distribution as a source of competitive advantage by fast-moving consumer goods firm in kenya. Specifically, the study addressed the following objectives:To establish the extent to which indirect distribution adopted by Fast-Moving Consumer Goods in Kenya can be source of competitive advantage.To establish the extent to which direct distribution adopted by Fast-Moving Consumer Goods in Kenya can be source of competitive advantage and To establish the extent to which Intense distribution adopted by Fast-Moving Consumer Goods in Kenya can be source of competitive advantage. This research adopted a descriptive research design. The researcher used a questionnaire as the primary data collection instrument. A pilot test was conducted to detect weakness in design and instrumentation and to provide proxy data for selection of a probability sample. The findings indicate that 85.7% of the responses were of the opinion that the strategies used ensured availability of the products to the intended customers while 14.3% were of the opinion that the strategies used did not ensure availability of the products to the intended customers. The study findings revealed that most of the respondents were of the opinion that Intensive distribution ensures customer convenience products as a source of competitive advantage. As regards the extent to which intensive distribution affected competitive advantage; majority were of the opinion of moderate. The findings revealed that most of the respondents were of the opinion that the organization moderately learned rapidly and adjust their distribution strategy in order to achieve competitive advantageThe study concluded that the company used most direct distribution strategy than indirect and intensive distribution strategies. This could be because of its advantages such as customers appreciate the opportunity to give profits directly to producers and artists. The usage of direct distribution strategy by the organization has resulted in gaining competitive by the company. The study recommended that the company should ensure direct distribution as a source of competitive advantage in that direct distribution channel cannot compete with the geographical reach and business volume of the distribution channel that includes major wholesalers and retailers.

***Index Terms*-** Competitive Advantage, Distribution Strategy, Distribution Channels

I. Introduction

Distribution is one of the four aspects of marketing. A distributor is the middleman between the manufacturer and retailer. After a product is manufactured, it may be warehoused or shipped to the next echelon in the supply chain, typically either a distributor, retailer or consumer. Frequently there may be a chain of intermediaries; each passing the product down the chain to the next organization, before it finally reaches the consumer or end-user. This process is known as the 'distribution chain' or the 'channel.' Each of the elements in these chains will have their own specific needs, which the producer must take into account, along with those of the all important end-user (Kotler 2003).

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

According to economic distribution channel theory, the "ideal" distribution system is one determined by exploring what the consumers want in terms of service outputs from the distribution channel, how much they are willing to pay for a given service level, how the services can be provided to them, and what the costs of the alternative distribution channels are (Stern et al., 2006). As a result they argue that it can be determined which distribution system most efficiently meets the customers‟ wants and it can be pointed out that the distribution channel strategy adopted by a firm should take a customer perspective and analyse the output from the commercial part of the different distribution channels and relates it to the customers‟ costs and benefits from the different levels of service output offered by the available distribution channels (Cohen et al.,

2003). Based on this information it can be determined which distribution system most efficiently meets the customers' wants. Thus, an economic distribution channel model puts the customer perspective in the forefront, analyses the output from the commercial part of the different distribution channels and relates it to the customers' benefits and costs from the different levels of service output offered by the available distribution channels.

Walker et al. (2002) state that to achieve desired performance levels, a firm's strategies and the resources available to it must interact positively with the requirements of the firm's markets. Both capabilities and market requirements need to be clearly defined and explicit. Arguably, both need active consideration during the strategy formulation stage. A key concern in the emerging strategic performance management in the current business environment is the need for organizations to implement systems and frameworks that not only deliver performance improvements (Witcher and Chau, 2008), but also the ability to control them against top level targets (Chau and Witcher, 2005). This remains the case for both commercial and regulated public sector companies. Distribution strategies play a crucial role in the launch of new products to the market. Distribution is crucial in the eventual acceptance and sales of a new product in the market as it determines the availability of the new product to customers. Past research suggest that the launch stage absorbs the second largest part of the innovation budget after product development and that compared to failed products, successful ones had significantly more time allotted to them (Cooper and Kleinschmidt, 2008). Distribution decisions are far reaching because changing them is both resource and time demanding and hence firms have to take great care in designing their distribution systems during the launch of innovations (Stern and Sturdivant, 2007). As distribution strategy plays a role in enabling the availability and application of the product in the marketplace, therefore the distribution strategy employed by the organization would impact the nature of "market support" capability that can be provided to the innovation.

Strategic role of distribution has evolved into a domain totally centered on "consumer experiences" and methods of providing and enhancing them (El-Ansary, 2005). Accordingly, the focal point in channel management when taking innovations to the marketplace would be the planning and implementation of positive consumer experiences through selection of channel mix, retail training in terms of physical stores, enriching experience at customer touch points, value-added services and consumer research would provide long term competitive advantage for the firm. In addition, value chain management would focus on partnering with up-stream and down-stream activities for efficiency enhancement and cost control. Partnership innovation management (Kay, 2003) is a relevant application, combining elements of process and product innovation management within a network structure to meet customer expectations at an economical cost.

The basic distribution intensity strategies that a manufacturer can employ are intensive, selective and exclusive. As stated by Stuart (2006) intensive distribution exists when a manufacturer sells products or services through all or most of the possible channel distributors that provide a particular category of product in a given market. Stuart (2006) further clarified that an intensive distribution approach gives manufacturers the highest probability of selling their products or services but only after the required investments in demand generation are made. Stem et al. (1988) argued that the higher the intensity of brand distribution in a given market, the lower the manufacturer's influence on channel member performance. Having too many channel partners can harm the brand image and its competitive position. This coverage strategy is more appropriate for manufacturers of brands placed near the low end of the quality continuum to promote convenience and competitive pricing for the customers (Frazier et al., 2009).

In selective distribution, a manufacturer's product or service is available from more than one channel partner, but the product is not accessible from all businesses that market the category of product (Stuart, 2006). Customers seeking particular brand of product will interact with the businesses in the market that the manufacturers has selected as partners. Selective distribution is a suitable choice when manufacturers would like to design their strategies so that their channel partners have a rather active than passive role (Stuart, 2006). Frazier et al., (2009) argued that manufacturers positioning their brands as high quality have reason to pursue a highly selective distribution policy.

Exclusive distribution provides high levels of channel partner profitability that allows them to offer functionality consistent with their roles in the 'push' strategy. According to Stem et al. (2008), exclusive distribution implies that a manufacturer can have strong influence over the distributors of the brand. However, manufacturers should be careful because exclusivity may lead to conflict between the manufacturer and the distributors due to the high level of control from the manufacturer's side. Exclusive distribution creates an image of the brand that has superior ability to perform its functions (Stem et al., 2008). The manufacturers need well-trained sales force to convince the target channel members to carry the brand. The strategy also involves active channel partners and loyal business partnerships between manufacturers, distributors and customers.

Competitive Advantage

According to Porter (1985), competitive advantage is the ability to earn returns on investment consistently above the average for the industry. This therefore means that competitive advantage can be achieved if the firm implements a value-creating strategy that is not simultaneously being implemented by any current or potential competitors. This can be interpreted to mean that sustained competitive advantage results from strategic assets; which Barney (2001) regards as those that are internally controlled and permits the firm to formulate and implement strategies that expand its efficiency and effectiveness. Competitive advantage is thus dependant not, as traditionally assumed, on such bases as natural resources, technology or economies of scale, since these are increasingly easy to imitate. Rather, competitive advantage is, according to the resource base view, dependant on the valuable, rare, and hard-to-imitate resources that reside within an organization (Stiles and Kulvisaechana, 2004). This group of assets can be said to be what Stewart (2007) said to be "invisible assets" which in real sense is intellectual capital.

Porter (2001) notes that, the competition strategy of a firm is to seek an advantageous competitive position in a particular industrial environment or to build up a profitable, consistent

market position by drawing on various factors that are decisive to being competitive in an industrial sector. In other words, both industry type and competitive strategies are two central points to be considered by managers in a market economy. This therefore means that Porter's competition strategy explicitly relies on the pursuit of advantages, which are determined by a firm's exogenous variables that require analysis of the competitors and opportunities in the market. When a particular high-value strategy of a firm cannot be implemented, imitated or replicated successfully by a potential competitor, the strategy provides the firm with a source of competitive advantage (CA). On his part, Oliver (2007) argues that both resources and institutional capital are indispensable to creating a CA. The capability-based view of the firm also moves a step closer to understanding how enterprises develop and maintain their sources of competitive advantage. Hence for a firm to be assured of a sustainable development, it must identify its competitive advantage variables and harness the same to a maximum benefit.

Statement of the problem

As one of the key elements of a company's success, selecting the proper distribution channel strategy has been a focal point in both supply chain and marketing channel structure. The distribution strategy decision is usually based on finding the most profitable way to reach a market (Ford and Mottner, 2003). Successful distribution channel strategy selection, implementation, and management cannot only help to meet the shopping needs and habits of the target customers efficiently under the cost constraints of the seller; they must also mitigate the disadvantages caused by distribution channel conflicts such as double marginalization.

According to Porter (2005), organizational competitive advantage can be achieved if the firm implements a value-creating strategy that is not simultaneously being implemented by any current or potential competitors. This can be interpreted to mean that sustained competitive advantage results from strategic assets; which Barney (2001) regards as those that are internally controlled and permits the firm to formulate and implement strategies that expand its efficiency and effectiveness. A firm’s distribution strategy of its products and services is such a strategic asset. Fast-moving consumer goods firms in Kenya face challenges some of which were global competition technological advancement and changes in consumer tastes and preferences. In response to these challenges, the company undertook major changes to its products distribution.

Several studies have been undertaken locally on the subject area of distribution strategies adopted by various local companies. Irimu (2009), undertook a research on the effects of distribution strategies employed by sewing machine industry in Kenya on channel members. In her study, she found out that the location of the service facility is especially important for such business since many target customers may lack the funds for public transportation or they may feel psychologically uncomfortable to visit distance outlets. Njia (2009) researched on the Strategic responses employed by KCB to changes in Kenyan Banking industry. The study found out that the banking firms have formalized vision and mission statements. They employ competitive strategies of cost leadership, differentiation and focus to different degrees. On her part, Alumila (2004) researched on the distribution strategies used by health maintenance organization in Kenya. She found out that health care customers unlike other services value the face-to-face contact with the seller and also emphasizes a trustful relationship. In Denmark, Katz and Aspeden (2007) found out that the Internet banking customers is very similar to the PC segment. From the above studies and with the researcher not being aware of any other local study done on distribution strategies as a source of competitive advantage in the in Kenya, this gap leads to the research question. This study aims to fill the missing knowledge gap by finding out the strategic role of distribution as a source of competitive advantage

General Objective

The general objective of the study is to establish the strategic role of distribution as a source of competitive advantage adopted by fast-moving consumer goods firms in kenya.

II. RELATED LITERATURE

Theoretical Review

1. Competitiveness Theory

Early literature on the theories of trade between nations provided the basis for competitiveness theory. It alluded to the development of sustainable competitive advantage well before its time. Competitiveness theory evolved from the traditional trade theories, fundamentally ‘The effect of the Wealth of Nations’ Adam Smith in 1776 (later translated in 1937), which was revolutionary. In his book Adam Smith disputed the then existing philosophy Mercantilism view on trade which suggested that trade was a zero sum game in which a trade surplus of one country is offset by a trade deficit in another country. Smith in his argument viewed trade as a positive sum game in which all trading partners can benefit if countries specialized in the production of goods and services in which they had absolute advantage. This came to be known as the theory of absolute advantage.

Ricardo (1817) extended the theory of absolute advantage to comparative advantage where he stated that even if a country does not have an absolute advantage in any good this country and other countries will still benefit from international trade. However, Ricardo did not satisfactorily explain why comparative advantage differed across countries. To provide an explanation, in 1919 Swedish economist Eli Hecksher developed the factor proportions (endowment) theory which was later expanded by his former student, Ohlin in 2003 and later came to be known as H-O Theory. The two proposed that comparative advantage arises from differences in factor endowments, a theory which was virtually self evident.

Competitiveness theories proposed some kind of advantage as enabling a country gain more out of international trade. The same is true for the firm. If sustainable superior performance (which equals sustainable competitive advantage) is to be achieved a firm must differentiate itself. Alderson (1937) hinted at a basic tenet of sustainable competitive advantage, that a fundamental aspect of competitive advantage is the specialization of suppliers to meet the variations in buyer demand. Later Alderson (1965) recognized that firms should strive for unique characteristics in order to distinguish themselves from

competitors in the eyes of the consumer. He stated that differential advantage might be achieved through lowering prices, selective advertising appeals and/or product improvement and innovations. While these concepts lay the core foundation for firms in moving toward sustainable competitive advantage, the intense nature of competition today requires that firms be more innovative and entrepreneurial in their strategy planning than just lowering prices or improving existing products. The most important question then would be how then can companies build sustainable competitive advantage?

2. Kay's Model for Competitive Advantage

Kay (1995) presents the notion of sustained competitive advantage in organizations obtained through relational architecture, reputation, innovation and strategic assets. At the core of Kay's model is the resource based theory of the firm which focuses on the internal attributes or the resources and capabilities of the firm where, in order for the resources and capabilities of a firm to provide superior performance, they must be valuable in the sense of enabling a firm to exploit its environmental opportunities (and/or neutralize its threats), rare among its current or potential competitors, costly to imitate, and without close strategic substitutes (Barney, 1991). Kay states that organizations have a strong architecture where there is an expectation of long-term relationships both within the firm and among its members, a commitment to sharing the rewards of collective achievement and a high but unstructured degree of informality. He contends that this architecture adds value to individual contributions of its members through the creation of organizational knowledge, through the establishment of a cooperative ethic within the organization and by the implementation of organizational routines.

For Moller and Wilson (1995) good commercial relationships are fashioned through cooperation (joint activity towards a shared goal), coordination (the need for mutually consistent responses) and differentiation (the avoidance of mutually incompatible activities). However, Kay in passing, also suggest that the notion of sustained competitive advantage is relevant for understanding the differences in performances of non-profit organizations in situations, "where the added value or benefits are not retained by the firm, but instead are distributed to its members or the community" (Kay, 1995). Unfortunately Kay does not give attention to the paradox this raises where the purpose of the organization is to create knowledge and services and give them away for the public good rather than maximizing private profit. Kay's model articulates the components of this advantage including the internal and external relationship sand the network of relationships as the architecture that it frames; managers also use their knowledge of resource dependencies of their organizations in choosing their objectives and means of obtaining them.

3. Porters Theory of Competitive Advantage

The term "sustainable competitive advantage" emerged when Porter (2008) discusses the basic types of competitive strategies that a firm can possess (low cost or differentiation) in order to achieve a long run sustainable competitive advantage. In his book Competitive Advantage: Creating and sustaining superior performance, Porter explains the requisite approach to business success. Sustainable competitive advantage means sustainable superior performance. He goes ahead to state that structural conditions of an industry as proposed in his 5 Forces model determine average industry performance. Relatively strong competitive position and performance of a particular firm in an industry derives from two types of competitive advantage i.e. low costs and differentiation (Porter, 2008). The two approaches are not however alternatives because even when competition is based on differentiation, costs still do matter.

Porter's approach suggests that differentiation and cost leadership seek competitive advantage in a broad range of market or industry. By contrast differentiation focus and cost focus strategies are adopted in a narrow market industry. Differentiation involves selecting one or more criteria used by buyers in a market and then positioning the business uniquely to meet those criteria. The strategy involves charging a premium for the product – often to reflect higher production cost and extra value added features provided for the consumer.

For cost leadership strategy, the objective of the firm is to become the lowest cost producer in the industry. If achieved the selling price can at least equal (or nearly) the average for the market then the lowest cost producer will enjoy the best profits. A strategy usually associated with large scale business offering standard products. Cost focus strategy is for businesses that seeks a lower cost advantage in just one or a smaller number of market segments. The product will be basic-perhaps a similar product to the high priced and featured market leader – but acceptable to sufficient customers. Porter's approach however raises fundamental questions; why does the successful firm not buy the unsuccessful firm and teach it how to minimize costs? Why does the successful firm not sell its expertise in cost reducing to less successful firms? Why does the successful firm not cut its prices and drive its competitors out of business? Why does the unsuccessful firm not hire the executive in charge of cost drivers from the successful firm? (Porter & Kramer, 2006).

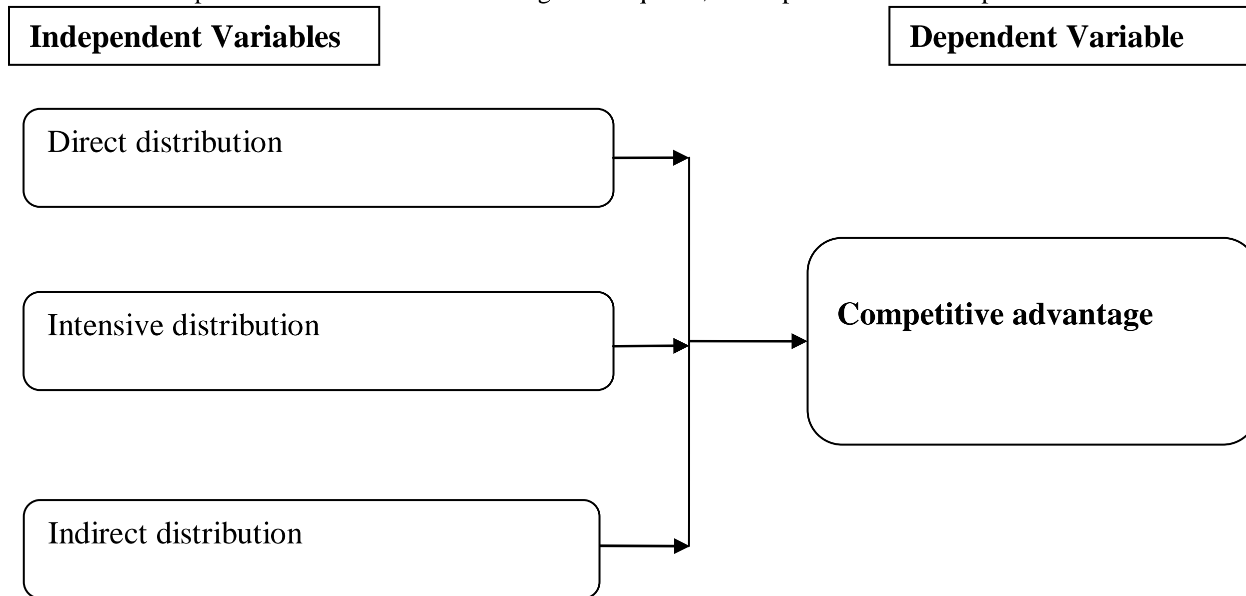
A business aiming to differentiate within just one or small number of target markets segments is viewed as applying the differentiation focus strategy. The special customer needs means that there are opportunities to provide products that are clearly different from competitors who may be targeting a broader group of customers (Porter, & Kramer, 2006). Important issue being that the business ensures that customers really do have different needs and wants i.e. there is a valid basis for differentiation and that existing competitors are not meeting those needs and wants. This strategy is common amongst niche retailers

In the following decade authors focused on capabilities approach to firm performance. Porter and Kramer (2006) discussed need for firms to be willing to learn how to create new advantages that will keep them steps ahead of competition. They argued that collective learning of the core competences would help the firm stay ahead of the game. Management's ability to consolidate technology and production skills into competencies help the business adapt quickly to changing opportunities. Identification, nurturing and full exploitation of these core competencies would offer competitive advantage. Furthermore they are difficult to imitate precisely because they have to be built over a long period.

Conceptual Framework

According to Bogdan and Biklen (2003) a conceptual framework refers to the result of when a researcher

conceptualizes the relation between variables in the study and shows the relationship graphically or diagrammatically. It is therefore a linked set of variables that are backing up in the critical analysis. It is made of the dependent and independent variables. Independent Variables are changes that occur in an experiment that are directly caused by the experimenter. An independent variable is that variable which is presumed to affect or determine a dependent variable. It can be changed as required, and its values do not represent a problem requiring explanation in an analysis, but are taken simply as given (Dodge, 2003). A dependent variable is a variable dependent on another variable: the independent variable. A dependent variable is what you measure in the experiment and what is affected during the experiment. The dependent variable responds to the independent variable (Everitt, 2002). It is called dependent because it "depends" on the independent variable.



The relationships are presented in a hypothetical framework as shown below

Independent Variables **Dependent Variable**

Figure 2.1: Conceptual framework , Source, Author (2014)

REVIEW OF VARIABLE

Direct Distribution

A direct channel of distribution describes a situation in which the producer sells a product directly to a consumer without the help of intermediaries. A direct chain of distribution may involve face-to-face sales, computer sales or mail order but does not involve any form of distributor other than the original producer. Chains of distribution that involve nonaffiliated retailers or wholesalers cannot be described as direct channels of distribution and are instead classified as indirect chains of distribution.

Using a direct channel of distribution to connect consumers with your product, especially a Web-based channel, can have several benefits. Most importantly, web-based selling has low overhead and gives your product a potentially global reach. Because no intermediaries share the profits, most direct distribution channels tend to have higher rates of profit than indirect distribution channels. Direct distribution via the Internet is convenient for customers and available 24 hours a day. Lastly, many customers appreciate the opportunity to give profits directly to producers and artists.

The most obvious disadvantage is that a direct distribution channel cannot compete with the geographical reach and business volume of a distribution channel that includes major wholesalers and retailers. If you make specialty coffee, you cannot sell as much product over your company website as you can if you sell through major grocery store chains. Some consider another downside to direct distribution of tangible products by phone, mail or Internet is that customers are often asked to shoulder the burden of shipping costs.

Distribution strategies has evolved into a domain totally centered on “consumer experiences” and methods of providing and enhancing them (El-Ansary, 2005). Accordingly, the focal point in channel management when taking innovations to the marketplace would be the planning and implementation of positive consumer experiences through selection of channel mix, retail training in terms of physical stores, enriching experience at customer touch points, value-added services and consumer research would provide long term competitive advantage for the firm. In addition, value chain management would focus on partnering with up-stream and down-stream activities for efficiency enhancement and cost control. Partnership innovation management (Kay, 1993) is a relevant application, combining elements of process and product innovation management within a network structure to meet customer expectations at an economical cost.

Intensive Distribution

Intensive distribution means that as may available outlets as possible hold this product, e.g. chocolate, newspapers, bread, sweets and chewing gums. Intensive distribution will mean convenience to the customer and increase customer satisfaction. (Bowersox et al 2006). Its a marketing strategy under which a company sells through as many outlets as possible, so that the consumers encounter the product virtually everywhere they go: supermarkets, drug stores, and gas stations. The sale of sweets and chewing gums in petrol and service stations is an example of how intensive distribution has grown.

Key characteristics of intensive distribution include: Maximum number of outlets covered to maximize availability; Target outlets in as many as geographical regions as possible; Consumer convenience products; High number of purchasers; High purchase frequency; Impulsive purchase and Low price. Cateora and Graham (2007) asserted that distribution relates to the flow of goods and services from the producer to consumer. A distribution strategy is intended to establish a dominant position in the geographic markets served by firms. The selection of an appropriate distribution strategy is a major determinant of an organizations success and distribution decisions represent much longer-term commitments than do other marketing decisions because of the time, costs and intermediate relationships that are involved in gaining access to an established channel.

Distribution represents a complex, specialized, sophisticated and coordinated supply chain in developed countries and increasingly in many developing countries. The distribution sector includes commission agents, wholesalers and retailers who act as enablers of trade (Matteo, 2008).The distribution strategy must be carefully integrated with all components of the marketing program. Before a manufacturer formulates a distribution strategy, two decisions should occur. These are determining whether the firm will sell directly to end-users or will utilize intermediaries and selecting the type of channel. Day (2008) hold that distribution channels evolved through the utilization of national resources contained within an area of trade. The need to move the resources to other areas where they were in demand brought about the need for distribution channels (Tang, 2007).

Indirect Distribution

Indirect distribution ia a chain of intermediaries through which a product moves in order to be made available for purchase by a consumer. An indirect channel of distribution typically involves a product passing through additional steps as it moves from the manufacturing business via distributors to wholesalers and then retail stores. In indirect channels of distribution there are one or more middlemen between the manufac-turer and consumers. There is no direct contact between the producers and the customers. Indirect channels of distribution may be classified as follows:

Manufacturer -> Retailer -> Consumer:

In this channel, the manufacturer sells goods to consumer through retailers. This channel of distribution thus has one middleman i.e. the retailer.

Consumer durables such as TVs, refrigerators, scooters, washing machines, cars and industrial machinery and equipment are generally sold through this channel.

When large scale retailers are available such as departmental stores and super bazar, the manufacturer finds it convenient to use this channel of distribution.

Manufacturer -> Wholesaler -> Retailer -> Consumer:

This channel consists of two types of middlemen, called, wholesaler and retailer. Consumer products of daily use such as soaps, cosmetics, detergents, etc. are generally sold through this channel.

For example, Hindustan Lever Ltd., sells its products through wholesalers and retailers. Small scale producers also find this channel convenient for the distribution of products enjoying widely scattered demand.

Manufacturer Agent -> wholesaler -> Retailer -> consumer:

This is the longest channel of distribution. The manufacturer sells his entire output to a sole selling agent who in turn appoints wholesalers. Wholesalers sell to retailers who in turn sell to ultimate consumers. This channel is popular in the distribution of cloth, food grains, sugar, edible oil, paper, etc.

Indirect channels relieve the manufacturer from the problems of distribution and he can concentrate fully on production. The expert services of middlemen become available. But indirect distribution creates distance between the producer and the consumers. The producer loses control over distribution. Distribution of goods may be slow due to intermediaries between producer and consumers.

Empirical Review

Muthuy (2008) conducted a study to investigate the distribution strategies adopted by various firms in their market and distribution of their products. Particular attention was paid to cosmetic companies. The objectives of this study was to find out the various distribution strategies adopted in marketing of wares and the factors influencing adoption of such strategies. The findings of the study revealed that, most of the firms are yet to embrace strategic marketing and distribution ways in order to sell their products and subsequently leap marginal profits. The choice of good distribution channel is paramount in ensuring high returns and easy distribution of the products to the consumers. Besides, firms should adopt modern technology in improving their distribution of the products. This technology may involve use of phones, internet, online catalogues, and use of couriers to deliver products to consumers, if embraced will see vast returns.

A study by Matteo (2008) revealed that existence of many firms in the target market leads to increased competition and this makes it difficult for a single company to effectively distribute its product in the competing market and increase its revenue. Lehtonen (2009) confirmed that lack of distribution of FMCG product in various market segments by many FMCG firms in Kenya can be attributed to an increase in supply of cheap Chinese FMCG products in the market. Clow (2007) identified that that high level of competition in the market that affects distribution of products is influenced by supply of China imported goods, existence of many suppliers, loss of market share to competitors and quality of competitor products. McCammon (2009) established that aspects of price that affects effective distribution of the company products includes; high transportation costs, increased inventory management cost, many middle men in the distribution channel and lack of price adjustments. Schendel (2008) found out that that of effectiveness of the company promotion campaigns in creating awareness of

the company products influences many customers to FMCG from the competing firms with more effective promotion campaigns. A study by Tang (2007) noted that supply of china imported goods, existence of many suppliers loss of market share to competitors and quality of competitor products affects distribution of the locally manufactured fast moving consumer goods.

METHODOLOGY

Research Design

This research adopted a descriptive research design. Mugenda and Mugenda (2003) describes descriptive research design as a systematic, empirical inquiring into which the researcher does not have a direct control of independent variable as their manifestation has already occurred or because the inherently cannot be manipulated. Descriptive studies are concerned with the what, where and how of a phenomenon hence more placed to build a profile on that phenomenon (Mugenda and Mugenda, 2003). Descriptive research design is more appropriate because the study seeks to build a profile about the strategic role of distribution as a source of competitive advantage in fast-moving consumer goods in kenya.

Data Analysis and Presentation

This included analysis of data to summarize the essential features and relationships of data in order to generalise from the analysis to determine patterns of behaviour and particular outcomes. Before processing the responses, the completed questionnaires were edited for completeness and consistency. Content analysis and descriptive analysis was also employed. Content analysis was also used to analyze the respondents' views about the strategic role of distribution as a source of competitive advantage in fast-moving consumer goods in kenya.The data was then coded to enable the responses to be grouped into various categories. Data was grouped into frequency distribution to indicate variable values and number of occurrences in terms of frequency. Frequency distribution table was informative to summarize the data from respondents, percentages and other diagrams such as bar charts, histogram, grouped frequency distributions and pie charts were used during the analysis. The organised data was interpreted on account of concurrence and standard deviation to objectives using assistance of computer packages especially SPSS and Microsoft Excel to communicate research findings. Content analysis (which is the systematic qualitative description of the composition of the objects or materials of the study and involves observation and detailed description of phenomena that comprise the object of study) was used in qualitative data which will first be coded to allow the use of some quantitative data analysis instruments.

ANOVA and Chi-square data analyses methods was applied to analyze the data collected using open ended questions where the respondents gave their personal opinions to find out the strategic role of distribution as a source of competitive advantage in fast-moving consumer goods in kenya. Inferentially, a correlation analysis was conducted to establish the correlation coefficients of each variable of interests. In order to make the data more user-friendly and attractive to the readers, different graphic interactive such as tables, graphs and charts will be generated using the computer spreadsheet to present the data. This added more value to the information and make it appealing to the reader.

The regression model to be used in the study takes the form below:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$ ………………. (equation (i)

Where;

Y= the dependent variable (Distribution Strategies)

α - Is a constant; the concept explaining the level of success given and it's the Y value when all the predictor values (X_1, X_2, X_3,) are zero

β_1, $\beta2$, $\beta3$, – Are constants regression coefficients representing the condition of the independent variables to the dependent variables.

X_1 – Direct distribution
X_2 – Intensive distribution
X_3 – Indirect distribution

ε - (Extraneous) Error term explaining the variability of growth as a result of other factors not accounted for.

III. PRESENTATION, DISCUSSION AND INTERPRETATION OF FINDINGS

Presentation of findings

Reliability Analysis

The reliability of an instrument refers to its ability to produce consistent and stable measurements. Bagozzi (1994) explains that reliability can be seen from two sides: reliability (the extent of accuracy) and unreliability (the extent of inaccuracy). The most common reliability coefficient is the Cronbach's alpha which estimates internal consistency by determining how all items on a test relate to all other items and to the total test - internal coherence of data. The reliability is expressed as a coefficient between 0 and 1.00. The higher the coefficient, the more reliable is the test.

In this study to ensure the reliability of the instrument Cronbach's Alpha was used. Cronbach Alpha value is widely used to verify the reliability of the construct. Therefore, Cronbach Alpha was used to test the reliability of the proposed constructs. The findings indicated that Direct distribution had a coefficient of 0.904, Intensive distribution had a coefficient of 0.903, and Indirect distribution of 0.829. All constructs depicted that the value of Cronbach's Alpha are above the suggested value of 0.5 thus the study was reliable (Nunnally & Bernstein, 1994; Nunnally, 1974). On the basis of reliability test it was supposed that the scales used in this study is reliable to capture the constructs. Reliability of the constructs is shown below in table 4.1.

Table 4. 0 :Reliability Test of Constructs

Intellectual Capital (IC)	Reliability Alpha	Cronbach's	Comments
Direct distribution	0.904		Accepted
Intensive distribution	0.903		Accepted
Indirect distribution	0.829		Accepted

4.1 Background information

The study sought to establish the background information of the respondents in an effort to ensure the sampling was done effectively. The study sought to determine the gender, age, level of education and how long they have worked in their current positions. The findings were presented in table 4.1 below;

Table 4.1 Background information of the respondents

Gender	**Frequency**	**Percent**
Male	15	71.4
Female	6	28.6
Total	21	100
Age		
Below 25	2	9.5
25-35	4	19.0
36-45	10	47.6
Above 45	5	23.8
Total	21	100
Level of education		
Diploma	1	4.8
Degree	14	66.7
Post graduate	6	28.6
Total	21	100
Duration of service		
Less than 5 years	2	9.5
5-10 years	2	9.5
11-15	15	71.4
16-20	2	9.5
Total	21	100

Source; Research Data (2015)

The findings on the age of the respondents indicated that majority of the respondents 71.4% were male while 28.6% were female. This implies that the study collected data from both genders.

The findings on the age bracket of the respondents indicated that majority of the respondents 47.6% were of age between 36-45 years, 23.8% were of age above 45 years, 19.0% were of age between 25-35 years and 9.5% were below 25 years. This implies that study collected data from aged employees who understood what had happened in the organizations.

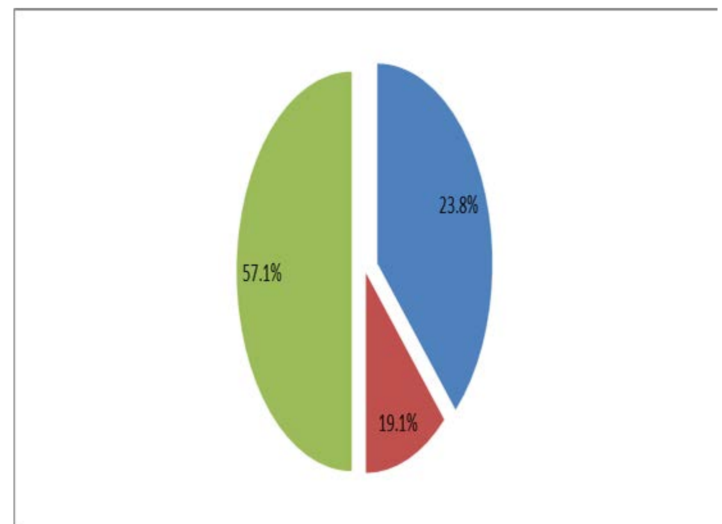
The findings of the study on the level of education of the respondents indicate that 66.7% had bachelor's degree, 28.6% post graduate and 4.8% had diploma. These findings imply that the respondents were learned people and understood what the study aimed at. These findings could also imply that the level of education of the respondents could be because financial matters and management need qualified, skilled and competent personnel.

The findings of the study on the number of years the respondents indicate that 71.4% had work experience of between 11-15 years, 9.5% of between 16-20 years and 9.5% 5-10 years experience and 9.5% less than 5 years. These findings indicate that the respondents had worked for a considerable long period of time and therefore were in a position to give informed judgment to the study. These findings imply that these employees could have worked well and according to the required policies of financial management. They could also have improved the performance of the organization over time and the employer chose to retain them for that long period of time.

The study findings a regards the distribution strategy used most by the company indicated that majority of the responses 57.1% were of the opinion that the company used direct distribution most, 23.8% were of the opinion that the company used intense while 19.1% were of the opinion that the company used indirect distribution.

These results are as shown in the pie chart below;

Figure 4.1 Pie chart showing distribution strategy used most



Source; Research Data (2015)

The study findings imply that the company used most direct distribution because many customers appreciate the opportunity to give profits directly to producers in this case the company in question.

Analysis of specific information

Direct Distribution and Competitive Advantage

As regards whether the use of direct distribution strategy has resulted in the gaining of competitive advantage, 66.7% were of the opinion that it has resulted while 33.3% were of the contrary opinion. This implies that using direct distribution results in the gaining of competitive advantage. This could be due to the fact that using direct distribution helps develop positive consumer experiences through selection of channel mix, retail training in terms of physical stores, enriching experience at customer touch

points, value-added services and consumer research would provide long term competitive advantage for the company.

The study findings on direct distribution as a source of competitive advantage were analyzed and presented as shown below;

Table 4.2 Direct distribution as a source of competitive advantage

Statements	Mean	%Mean	SD
Direct distribution via the internet is convenient for customers and available 24 hours a day	4.10	82.0	1.01
Direct distribution enables many customers appreciate the opportunity to give profits directly to the producer and artists	4.23	84.6	0.84
Direct distribution channel cannot compete with geographical reach and business volume of a distribution channel that includes major wholesalers	3.97	79.4	1.14
Using direct channel of distribution to connect consumers with your product especially a web based selling has a low overhead and gives the product a potentially global reach	4.04	80.8	1.08

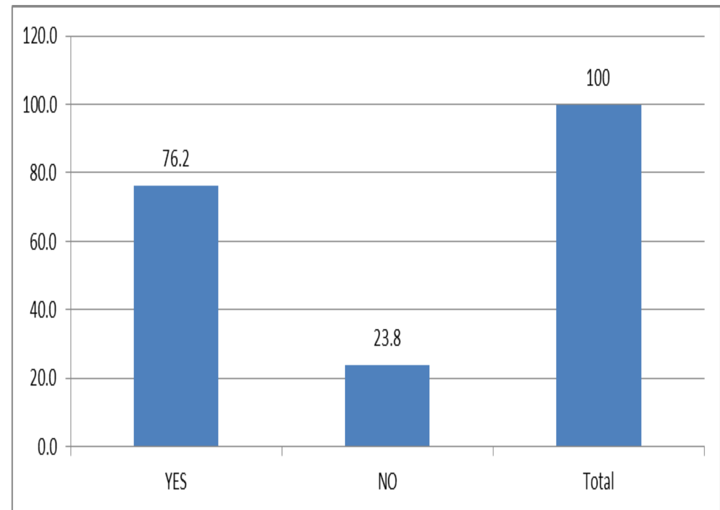
Source; Research data (2015)

The findings on direct distribution as a source of competitive advantage indicate that 84.6% of the responses were of the opinion that direct distribution enables many customers appreciate the opportunity to give profits directly to the producer and artists, 82.0% of the responses were of the opinion that Direct distribution via the internet is convenient for customers and available 24 hours a day, 80.8% of the responses were of the opinion that Using direct channel of distribution to connect consumers with your product especially a web based selling has a low overhead and gives the product a potentially global reach, while 79.4% of the responses were of the opinion Direct distribution channel cannot compete with geographical reach and business volume of a distribution channel that includes major wholesalers.

The findings on direct distribution as a source of competitive advantage implies that direct distribution enables many customers appreciate the opportunity to give profits directly to the producer and artists. This could be interpreted to mean that direct distribution enables the customers to directly interact with the producers and exchange one on one. In this case the customers will give the profits to the producers directly. On the other hand the producers are able to get views, complains and suggestions on the performance, taste and quality of their products. Considering and learning from these views from the customers enables the producers produce and distribute the products tailored to customers' needs and therefore gain competitive advantage.

The study findings on whether direct distribution affected competitive advantage of the firm indicated that 61.9% were of the opinion that it affected at a great extent, 23.8% were of the opinion that it affected a very great extent while 14.3% were of the opinion that it affected at a moderate extent.
These results are as shown in the graph below;

Figure 4.2 Bar Graph showing the extent at which direct distribution affected competitive advantage.



Source; Research Data (2015)

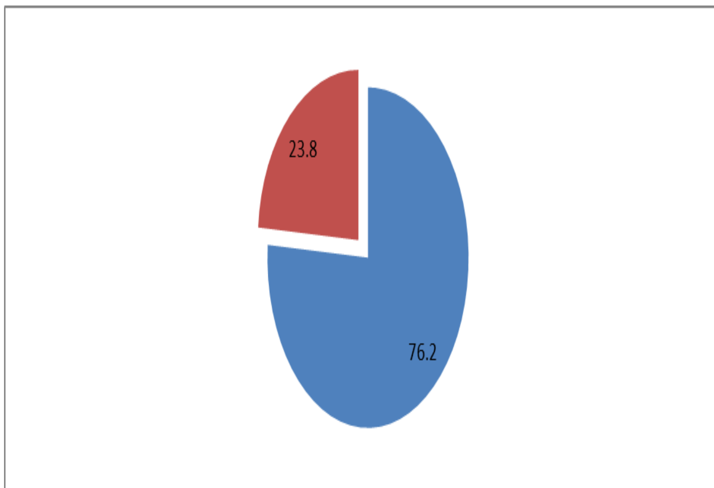
These findings imply that direct distribution affected competitive advantage of the firm. This could be because direct distribution deals directly with users of the final product of the firm and any changes in the customers perception of the product is able to be known immediately by the producer who happens to be the supplier. The producer is able to incorporate customers' opinions in the distribution of the final product and therefore may affect the competitive advantage of the firm.

Most of the respondents were of the opinion that the organization has developed capabilities to generate, disseminate and to respond to market intelligence and the processes to act on this information in order to achieve competitive advantage. This implies that the company could have opted to direct distribution in order to capture the market information and to be able to respond accordingly. Appropriate response to market information and intelligence enables the company incorporate prevailing conditions in its activities and therefore maintain or improve competitive advantage.

Indirect distribution as source of competitive advantage

The study sought to determine whether the overall strategy of the organization on how to distribute products is linked to the products and the markets it plans to serve. The results were analyzed and presented as shown below;

Figure 4.3 Pie chart showing the link between the overall strategy and products and the market



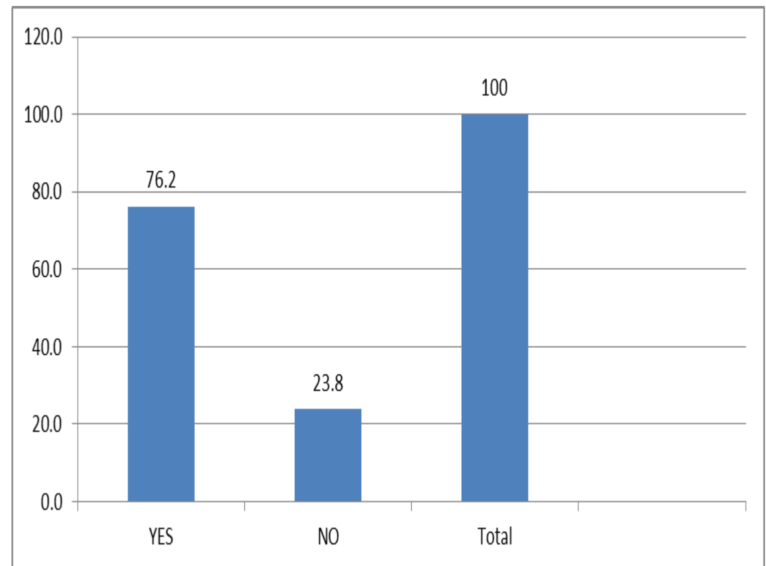
Source; Research Data (2015)

The study finding revealed that majority of the responses 76.2% were of the opinion that the overall strategy of the organization on how to distribute products is linked to the products and the markets it plans to serve while the 23.8% were of the opinion that the overall strategy of the organization on how to distribute products is not linked to the products and the markets it plans to serve. This implies that the overall strategy could have been linked to the product and the market and this could be because the nature of the products and the market determines the choice of the distribution channel to be adopted by the company.

As regards the extent of the effect of indirect distribution on the competitive of advantage of the company, 61.9% were of the opinion of moderate extent, 19.0% great extent, 14.3% low extent and 4.9% very great extent.

The results were as shown in the figure below;

Figure 4.4 Bar graph showing extent of indirect distribution on competitive advantage



Source; Research Data (2015)

The study results indicated that majority of the respondents were of the opinion that indirect distribution affected competitive advantage on a moderate extent. This could be because indirect distribution involves a product passing through additional steps as it moves from the manufacturing business via distributors to wholesalers and then retail stores. In indirect channels of distribution there are one or more middlemen between the manufac-turer and consumers. There is no direct contact between the producers and the customers.

The study also sought to determine whether the distribution strategies being used by the company have ensured availability of the products to its intended customers. The results are as shown;

Table 4.3 Strategies used and availability of the products to intended customers

	Frequency	**Percent**
Yes	18	85.7
No	3	14.3
Total	21	100

Source; Research Data (2015)

The findings indicate that 85.7% of the responses were of the opinion that the strategies used ensured availability of the products to the intended customers while 14.3% were of the opinion that t the strategies used did not ensure availability of the products to the intended customers. This implies the strategies used by the company met its intended objectives of ensuring the products reached the intended customers. This could also be interpreted to mean the company developed their

strategies considering the market and the intended customers and hence the company may have gained competitive advantage.

Intense distribution as a source of competitive advantage

The study sought to establish the extent of intense distribution advantage for the company. The results were analyzed and presented in the table below;

Table 4.4 Intense distribution as a source of competitive advantage

Statements	Mean	% Mean	SD
Intensive distribution include maximum number of outlets covered to maximize availability	4.14	82.6	1.04
Intensive distribution outlets in as many s geographical regions as possible	4.06	81.2	1.03
Intensive distribution ensures customer convenience products	4.54	90.8	0.58
Intensive distribution ensures high number of purchases	3.97	79.4	1.14
Intensive distribution ensures high purchase frequency	4.03	80.6	1.06
Intensive distribution ensures impulsive purchase and low price	3.86	77.2	1.22

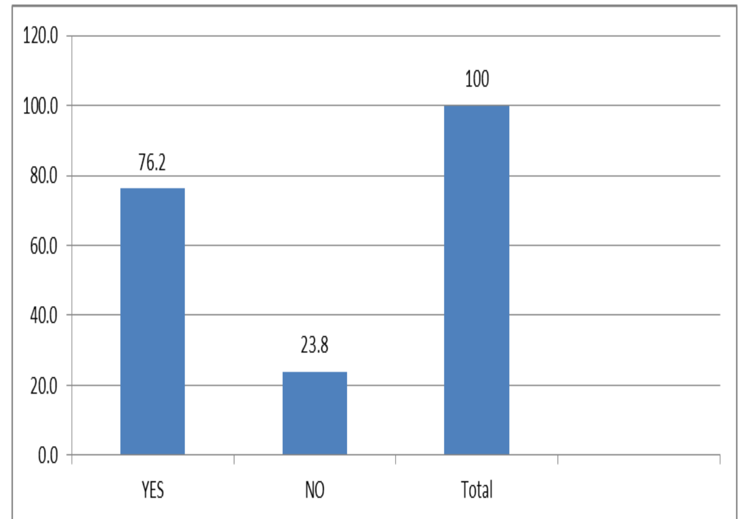
Source; Research Data (2015)

The study findings revealed that 90.8% of the responses were of the opinion that Intensive distribution ensures customer convenience products as a source of competitive advantage, 82.6% of the responses were of the opinion that Intensive distribution include maximum number of outlets covered to maximize availability as a source of competitive advantage, 81.2% of the responses were of the opinion Intensive distribution outlets in as many s geographical regions as possible as a source of competitive advantage while 80.6% of the responses were of the opinion that Intensive distribution ensures high purchase frequency as a source of competitive advantage another portion of the responses 79.4% were of the opinion that Intensive distribution ensures high number of purchases as a source of competitive advantage while 77.2% of the responses were of the opinion that Intensive distribution ensures impulsive purchase and low price as a source of competitive advantage.

These findings could be interpreted to mean that intensive distribution ensured consumer convenience products. This could be because a company sells through as many outlets as possible, so that the consumers encounter the product virtually everywhere they go.

As regards the extent to which intensive distribution affected competitive advantage; 42.9% were of the opinion of moderate extent, 33.3% great extent, 19.0% very great extent and 4.8% low extent. The results were presented in the figure as shown below;

Figure 4.5 Intensive distribution and competitive advantage



Source; Research Data (2015)

The study findings indicated that indirect distribution affected competitive advantage to a moderate extent. This could be because of the in intensive distribution the company does not deal directly with the customers and the selection of an appropriate distribution strategy is a major determinant of an organizations success and distribution decisions represent much longer-term commitments than do other marketing decisions because of the time, costs and intermediate relationships that are involved in gaining access to an established channel.

The study also sought to establish whether the company considered the competitive landscape and the demand for a product support when selecting distribution channel strategies for an organization. The study revealed that 66.7% were of the opinion that the company considered the competitive landscape and the demand for a product support when selecting distribution channel strategies for an organization while 33.3% were of the opinion that the company did not consider the competitive landscape and the demand for a product support when selecting distribution channel strategies for an organization. This implies that the company considered competitive landscape and the demand for a product support when selecting distribution channel. This is because selection of the distribution channel depends on several factors including competitors method adopted and the demand of the product. Considering these factors in selection of the distribution channel gives the company competitive advantage in that it enables compete favorably in the market. Having the distribution channel that fits the competitive landscape and the demand of the product gives an upper hand in the market.

The study sought to determine the extent the organization learn rapidly and adjust their distribution strategy in order to achieve competitive advantage. The results were analyzed in the table below;

Table 4.5 Organizational learning and adjusting on distribution strategy

Extent of learning and adjusting	Frequency	Percent
Very great extent	2	9.5
Great extent	6	28.6
Moderate extent	13	61.9
Total	21	100

Source; Research Data (2005)

The findings revealed that 61.9% were of the opinion that the organization moderately learned rapidly and adjust their distribution strategy in order to achieve competitive advantage, 28.6% were of the organization greatly learn rapidly and adjust their distribution strategy in order to achieve competitive advantage while 9.5% were of the opinion that the organization learned and adjusted at a very great extent their strategy in order to achieve competitive advantage.

These findings imply that the company learned and adjust on a moderate extent to its distribution strategy in order to achieve competitive advantage. This could be interpreted to mean that this impacted on the distribution strategy which may have translated to competitive advantage.

Most of the respondents asserted that the organization distribution strategy market oriented can generate, disseminate and respond to the market information about market forces and conditions better than the rivals in order to achieve competitive advantage. This could be interpreted to mean that the company used the distribution strategy that enable it adequately collect market information. Incorporating this information and conditions in the distribution enables the firm gain competitive advantage.

IV. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary of findings

The study findings on whether the use of direct distribution strategy resulted in the gaining of competitive advantage, 66.7% were of the opinion that it has resulted while 33.3% were of the contrary opinion. The findings on direct distribution as a source of competitive advantage indicate that 84.6% of the responses were of the opinion that direct distribution enables many customers appreciate the opportunity to give profits directly to the producer and artists. The study findings on whether direct distribution affected competitive advantage of the firm indicated that 61.9% were of the opinion that it affected at a great extent, 23.8% were of the opinion that it affected a very great extent while 14.3% were of the opinion that it affected at a moderate extent. The study finding revealed that majority of the responses 76.2% were of the opinion that the overall strategy of the organization on how to distribute products is linked to the products and the markets it plans to serve. As regards the extent of the effect of indirect distribution on the competitive of advantage of the company, 61.9% were of the opinion of moderate extent, 19.0% great extent, 14.3% low extent and 4.9% very great extent.

The findings indicate that 85.7% of the responses were of the opinion that the strategies used ensured availability of the products to the intended customers while 14.3% were of the opinion that the strategies used did not ensure availability of the products to the intended customers. The study findings revealed that 90.8% of the responses were of the opinion that Intensive distribution ensures customer convenience products as a source of competitive advantage. As regards the extent to which intensive distribution affected competitive advantage; 42.9% were of the opinion of moderate extent, 33.3% great extent, 19.0% very great extent and 4.8% low extent. The study revealed that 66.7% were of the opinion that the company considered the competitive landscape and the demand for a product support when selecting distribution channel strategies for an organization while 33.3% were of the opinion that the company did not consider the competitive landscape and the demand for a product support when selecting distribution channel strategies for an organization.

The findings revealed that 61.9% were of the opinion that the organization moderately learned rapidly and adjust their distribution strategy in order to achieve competitive advantage, 28.6% were of the organization greatly learn rapidly and adjust their distribution strategy in order to achieve competitive advantage while 9.5% were of the opinion that the organization learned and adjusted at a very great extent their strategy in order to achieve competitive advantage.

Conclusion based on findings

The study concluded that the company used most direct distribution strategy than indirect and intensive distribution strategies. This could be because of its advantages such as customers appreciate the opportunity to give profits directly to producers and artists. The usage of direct distribution strategy by the organization has resulted in gaining competitive advantage by the company.

The study concluded that direct distribution enables many customers appreciate the opportunity to give the profits directly to the producers and artists. Direct distribution affects competitive advantage of the company at a great extent. The overall strategy of the organization on how to distribute its products is linked to the products and the market the company plans to serve.

The study further concluded that indirect distribution affects competitive advantage at a moderate extent. The distribution strategies used by the company has resulted in the availability of the products to its intended customers. Intensive distribution ensures consumer convenience products. Intensive distribution strategy affects competitive advantage of the company at a moderate extent.

Recommendations based on findings

i. The company should ensure direct distribution as a source of competitive advantage in that direct distribution channel cannot compete with the geographical reach and business volume of the distribution channel that includes major wholesalers and retailers.

ii. The company should ensure intense distribution ensures impulsive purchase and low price in order to achieve competitive advantage.

iii. The company should analyze its indirect distribution channel to ensure it influences its competitive advantage at a greater extent.

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