ASSESSMENT OF THE EFFECTIVENESS OF CHANNELS OF DISTRIBUTION MODELS IN THE SALES PERFORMANCE OF AN ORGANIZATION: THE CASE OF COCA-COLA MOROGORO REGION.

BY

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CERTIFICATION

We the undersigned, certify that, we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled" ***Assessment of the Effectiveness of Channels of Distribution Models in the Sales Performance of an Organization: the case of Coca-Cola Morogoro Region***'' in partial fulfillment of the requirement for the award of Master of Business Administration (MBA) of Mzumbe University.

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DEAN/ DIRECTOR,FACULTY / DIRECTORATE/SCHOOL/BOARD

DECLARATION

I, **Emmanuel M. Laswai,** declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for the similar or any other award.

Signature______________________

Date____________________

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This work has cost me quite a lot of time and resources, both of which I did not readily have. People have showed me kindness, generosity and understanding, to which I owe a lot of thanks and love expressed on this page.

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DEDICATION

I dedicate this work to Almighty God who enabled me to reach where I am, Glory to him. Also to my lovely parents, brothers and sister who have contributed towards attaining my goal.

Lastly to my lovely Wife who encouraged me to complete my study.

ABSTRACT

The study examined Effectiveness of channels of distribution models in the Sales performance of an organization, taking the case of Coca-Cola Morogoro Region. Specifically the study assessed, the extent into which Direct distribution channel affects sales performance, also, to assess the extent into which Indirect distribution channel affects sales performance, additionally, to asses distribution channels being used by competitors with that of Coca-Cola in Morogoro region and lastly to asses distribution channel adopted by Coca-Cola Kwanza Ltd both direct and indirect Morogoro Depot and Control of the retail outlets.

This case study research had customers and employees as unit of analysis. It had a sample of 90 respondents, whereby primary and secondary data were collected through the use of interviews, questionnaires, and documentary review. Data were analyzed through Statistical Package of Social Science. Findings revealed that distribution channel adopted by Coca-Cola ensures availability of her products, reduce response time and makes information available to her customer in aspect it facilitates positive relationship with her customers and agents. It was also found out that selection of agents/Distributors was based on financial capability, size of firm among others. It was concluded that distribution channel plays important role with respect to the soft drink industry because if products are not available on time consumer will switch on to other brands and the company will lose its market share and hence an effective distribution channel is an important aspect of soft drink industry. Coca-Cola Company kwanza have enjoyed its benefits like easing processes, increasing the supply chain awareness, reducing total costs on distribution of her products. Based on the findings, it was recommended that Coca-Cola Company’s management should be in position to continuously weigh the benefits that accrue from application of distribution channel. Coca-Cola kwanza should ensure strict adherence to the company’s policies and guideline regarding the use distribution channel. Coca-Cola Company should ensure aggressive Marketing, regular visit to distributors.

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LIST OF ABBREVIATIONS

CM	-	Corporate Management
JIT	-	Just in Time
KD	-	Key Distributor
MDC	-	Manual Distribution Centers
TOC	-	Theory of Constraints
VMI	-	Vendor Managed Inventory

CHAPTER ONE

1.1 Introduction

This chapter is organized to explain the background information, problem of the statement, objectives, research questions as well as significance of the study.

1.2 Background to the Study

Globalization of markets has received much attention and been extensively debated both at general societal/institutional/cultural levels, at market and business levels. Due to globalization process, distribution of goods and services between and within local industrial and consumer markets in both developed and developing countries is of great importance (Mattsson and Wallenberg, 2003).

According to Black *et al* (2002) the past decade has seen some of the most rapid and substantive changes in channels of distribution for goods and services in developing economies. The choice of distribution channel is quite complicated in the home market of a company but even more complicated when going international and starting to export (Anderson et al, 1997). The choice of distribution channel is central that the decision is given the attention and acknowledgement which is called for due to the fact that it has such a long-term outcome of the export investment’s success (Anderson et al, 1997).

As national markets expand and as new opportunities arise for satisfying consumer demand, greater specialization in distribution is evident both in level of distribution and in goods and services handled (Mallen, 1996). Distribution builds stable competitive advantages, since marketing channels have long-run character and to build them it is necessary to have a consistent structure; and due also to the fact that they are focused on people and relationships (Neves *et al*, 2001). Selection of channel significantly depends on the characteristics of the intended customers of the product. Customer, who may be a private household or an industrial user, who may also differ in terms of education level, age group, occupation, economic class, social standing, and reference group etc. Distribution channels for soft drinks differ to that of industrial goods; also distribution channels in rural market may differ to that of urban market. The characteristics of customer may also state distribution. If customers buy products frequently, there will be more outlets for its distribution (Aziz *et al*, 2011).

The distance customer is willing to travel to purchase company products or services are another key consideration. If company have one of a kind item in short supply and high demand may be wise to limit distribution to their own location .This will give them ultimate control over costs and pricing because highly motivated customers will be willing to travel to the company to get what they want. With channels of distribution changing rapidly companies need to focus not just on understanding product choice but also on understanding the reasons for channel choice. (Black *et al*, 2002).

Carbonated Soft drink industry in Tanzania is passing through a phase of change and also through period of significant growth and stiff competition. The relationship among the operators is not only competitive but also complimentary. Because of the nature complimentary relationship in the carbonated soft drink area, the producers of soft drinks have adopted different models of distribution; this has led to the changes of consumer behavior. Every operator devotes all their efforts in strategic distribution in order to obtain the competitive advantage for the success business (Berry, 2010).

Tanzania carbonated soft drink industry is one of the fast growing in Africa; the industry in the past few years has witnessed stiff competition which has resulted in aggressive use of various distribution models employed by carbonated soft drink companies to strengthen their brands by appealing to the customers. For the forward looking ones, the consistent and divergent use of distribution strategies has proved effective in improving their corporate image and turnover. Dominant players like Coca-Cola, Pepsi, Azam (Bakhresa) and Sayona among others are investing substantial amount of money to the adoption of various distribution strategies.

Therefore this study will try to throw light on the effectiveness of distribution models adopted by Coca-Cola Company in Tanzania.

1.2 Statement of the Problem

In Tanzania, the carbonated soft drink sector is highly competitive and every company attempt to appeal and win customers through various distribution strategies (both direct and indirect). The Tanzania carbonated soft drink industry is entering its maturity phase, with fierce competitive carbonated soft drink companies' work hard to reduce cost, win new customers and retain existing ones and increase profit to ensure sustainable development of their businesses. There are three major carbonated soft drink providers in Tanzania that is Coca-Cola, Pepsi, and Azam (Bakhresa) offering carbonated soft drink at different price rate.

Coca-Cola Kwanza Limited is faced with both a competitive and dynamic market setting, though the company is doing many things to maintain its leadership role in the industry. The company has also adopted both direct and indirect distribution channels as the basis for its sales operations. It has become necessary for the company in order to continue informing and reminding its customers on how its services are different from the others in the market.

As a result, the management of distribution strategies (both direct and indirect) for carbonated soft drink businesses is a daunting task in today's environment. The problem assumes even greater importance given that distribution spending is typically the largest non-production expense that Coca-Cola experience. According to East Africa business journal (2012), distribution accounts for nearly 17% of non-operating expenses (all expenses except payroll and advertising in a typical Tanzania soft drink business. Distribution spending varies significantly by industry, and the customer base in relation to geographical distribution. Therefore, this study aims at investigating the effectiveness of channels of distribution models in the sales performance of an organization, whereby Coca-Cola Morogoro Depot will be used as a case to accomplish this study.

1.3 Research Objectives

1.3.1 Main Objective

The general objective of this study was to assess the Effectiveness of channels of distribution models in the Sales performance of an organization, taking the case of Coca-Cola Morogoro region.

1.3.2 Specific Objectives

(i) To assess the extent into which Direct distribution channel affects sales performance

(ii) To assess the extent into which Indirect distribution channel affects sales performance

(iii) To asses distribution channels being used by competitors with that of Coca-Cola in Morogoro region

(iv) To asses distribution channel adopted by Coca-Cola Kwanza Ltd both direct and indirect Morogoro Depot and Control of the retail outlets.

1.4 Research Question

(i) How does direct channel affects sales performance?

(ii) How indirect channel does affect sales performance?

(iii) What are the distribution channels that are used by competitors in relation to that of Coca-Cola in Morogoro region?

(iv) To what extents do the nature of distribution channels affects the availability of the products and sales performance of the company?

1.5 The Significance of the Study

The importances of the research were:

(i) Significantly fulfillment of Masters of Business Administration (MBA) - Corporate Management programmers as realized by the Academy of University of Mzumbe. To see to it that scholars are able to use the study in developing further strategies on how to run their business in the global environment. It is hoped that issues raised in this study stimulate interest not only among marketers, researchers and student but also among policy makers and planners in industry and government. It also intends to determine the relationship that exists between marketing strategies adopted by Coca-Cola and the huge sales recorded annually by operators in the Tanzania carbonated soft drink industry.

(ii) To help the present Marketing Managers to better reposition their advertising strategy to capture the correct target market to boost the sales in times of competition through effective distribution channels. Advertisement is clearly an important tool to promote branding of products and variables that influence buying decisions is surely a focus to ensure the Marketing Communications are done correctly and effectively.

(iii) Helps in finding out the effects of distribution channel on peoples buying behavior whether people patronize the soft drink companies like Coca-Cola because of the advertising campaign used or other factors such as brand qualities, reasonable polices or its availability when and where needed. The findings from this study are expected to serve as point departure (base) for other researchers who will be interested to carry out a similar study. Whatever, the subject taught in the class room of MBA (CM) course that is completely theoretical. So during the training Research we compare how the marketing research (sales) activities (practical) of organization with the theories.

1.6 Limitation of the Study

i. Time constraint- To accomplish this study requires spending much time in the study area collecting data. Due to the fact that the researcher was also accomplishing employer’s tasks. Availability of enough time for research work was questionable. Similarly, the researcher utilized public holidays and week end days for research work.

ii. Lack of seriousness on research response by many participants in the study, because despite of being aware of the research topic respondents did not provide detailed opinions/views to some question.
iii. Resistance from other respondents due to lack of trust on the subject matter on the study, resistance was common among few individuals fearing that the results might have negative impact on their jobs.
iv. Financial constrain, as the researcher is self sponsored and in this case has few sources of funds and that affected the possibility of doing extensive research. To solve this constrain researcher decided to cut and unnecessary cost

1.7 Scope of the Study

This study limited itself towards examining the effectiveness of channels of distribution Models in the Sales Performance of an Organization at Coca-Cola Kwanza in Morogoro Region. The study adopted a case study in order to save time and financial related problems, also to establish trust and transparency, potential participants were informed on information sheets and during initial meetings participants were informed that the research is independent, and that it had nothing to do with their jobs and examples of how confidentiality and anonymity would be assured was given.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter explores both the underlying theoretical as well as empirical studies that are of relevance to this research problem. Furthermore in this chapter, analysis of the conceptual framework on which this study is built and the underlying assumptions as well as providing the definitions and describe the relationship between variables (both independent and dependent variables)

2.2 Definition of Key terms

2.2.1 Distribution

Distribution is the process of making a product or service available for use or consumption by a consumer or business user, using direct means, or using indirect means with intermediaries. Or are the movement of goods and services from the source through a distribution channel, right up to the final customer, consumer or user, and the movement of payment in the opposite direction, right up to the original producer or supplier. An order or pattern formed by the tendency of a sufficiently large number of observations to group themselves around a central value (Wren, 2007). The familiar bell-shaped curve is an example of nominal distribution in which the largest numbers of observations are distributed in the center, with progressively fewer observations falling evenly on the either side of the center (average) line. See also frequency distribution, nominal distribution, and standard distribution (Wren, 2007).

2.2.2 Channel

The channel function concept has already been extensively discussed by academics (Rangan et al., 1992). McCammon and Little (1975) argued that functions are considered to be the basic determinants of channel structure. That is, a system designed to carry out necessary tasks. Some researchers have discussed channel structure in terms of the function performed by channel members (Mallen, 1973). The basic idea was that channel functions could be allocated in different combination among various channel actors depending on the characteristics of the channel (Wren, 2007). Channel functions are categories of activities and services that add value to physical goods as they move from manufacturers to customers (Atwong and Rosenbloom. 1995).

2.2.3 Distribution Channel

Coughlan et al., (2006) defined a distribution channel as a set of independent organizations involved in the process of making a product or service available for use or consumption. The ultimate goal of a distribution channel is to bridge the gap between producers and consumers by adding value to products or services (Kim and Frazier, 1996). Typically, manufacturers, intermediaries (wholesaler, retailer, specialized) and end users are perceived as the key actors of distribution channel (Coughlan et al., 2006). Based on these definitions, it is not easy to determine where the distribution channel actually starts, since there might be multiple producers involved in manufacturing the final products at different levels. Some of these producers are close to the end at which raw material is supplied, while others are closer to the end that deals with final buyers or users.

2.2.4 Indirect Distribution Channel

The indirect channel is used by companies who do not sell their goods directly to consumers. Suppliers and manufacturers typically use indirect channels because they exist early in the supply chain (Aaker, 2001). Depending on the industry and product, direct distribution channels have become more prevalent because of the Internet. Distributors, wholesalers and retailers are the primary indirect channels a company may use when selling its products in the marketplace. Companies choose the indirect channel best suited for their product to obtain the best market share; it also allows them to focus on producing their goods (Aaker, 2001).

2.2.5 Direct Distribution Channel

A direct distribution channel is where a company sells its products direct to consumers. While direct channels were not popular many years ago, the Internet has greatly increased the use of direct channels. Additionally, companies needing to cut costs may use direct channels to avoid middlemen markups on their products. Selling agents and Internet sales are two types of direct distribution channels (Anderson et al, 2006). Selling agents work for the company and market their products directly to consumers through mail order, storefronts or other means. The Internet is an easy distribution channel because of the global availability to consumers (Bakosi et al, 2006).

2.2.6 Wholesaling

Wholesaling includes all activities involved in selling goods or services to who buy for resale or business use. Manufactures use wholesalers because wholesalers can perform function better and more cost effectively than the manufacture can. These functions are not limited to selling and promoting, buying and building bulk barking, warehousing, and transporting financial risk bearing dissemination of marketing information and provision of management services consulting. Like retailers wholesaler must decide on target market, product assortment and services promotion and place (Berman, 1996). The most successful wholesalers are those who adopt their services to meet and target customer's needs, recognizing that existing add value to the channel (Berman, 1996).

2.2.7 Retailing

Retailing includes all the activities involved in selling goods or services directly to find consumer for their personal non-business use. A retailer or retail store is any enterprise which sales volume comes primarily from retailing. All marketer retailers must prepare marketing plans that includes decision on target market. So the marketing channels can be viewed as a set interdependent organization with high potential for conflict. Then why would any business chosen to become part of channel system (Berman, 1996).

2.2.8 Coverage

Channel selection depends on Coverage (Market Size).This refers to the intensity of distribution required by the manufacturer. The number of intermediaries required in a specific geographical area influences the market coverage or market exposure strategy. A manufacturer may opt to have intensive distribution, Selective distribution or exclusive distribution coverage for its products or services (Berry, 2010). Intensive Coverage is adopted when many intermediaries are used at each level of the channel. This is typical of consumer convenience goods distribution where as many different outlets as possible are used. Exclusive Coverage refers to a highly selective pattern of distribution where only a single selected intermediary is involved in distributing the goods or services in a specific geographical area. In this situation customers are willing to search for the products or services extensively. Specifically goods are often distributed in this manner (Borden, 2004). Selective Coverage in between intensive and exclusive Coverage lays Selective coverage which refers to a distribution strategy where a few selected intermediaries are used in this distribution channel. This is typical in the distribution of consumer convenience goods (Borden, 2004).

2.2.9 Consumer

A consumer is a person or group of people who are the final users of products and or services generated within a social system. A consumer may be a person or group, such as a household. The concept of a consumer may vary significantly by context, although a common definition is an individual who buys products or services for personal use and not for manufacture or resale.

2.3 Theoretical Framework

2.3.1 Bargaining Theory of Distribution

A critical factor in channel relationships between manufacturers and retailers is the relative bargaining power of both parties. This theory is useful in understanding how bargaining between channel members and demonstrate that the bargaining process actually affects the degree of coordination and that two-part tariffs is not part of the market contract even in a simple one manufacturer-one retailer channel. Te theory shows how the institution of bargaining has force, and it affects channel coordination when the complexity of specific ability of the product exchanges (Daniel, 1998).

The theory indicates how retailer power promotes channel coordination. Therefore the theory enabled the researcher to understand the conditions in which the presence of a powerful retailer might actually be beneficial to all channel members. The theory helps to recover the standard double-marginalization take-it-or-leave-it offer outcome as a particular case of the bargaining process. The theory helped the researcher to examine the implications of relative bargaining powers for whether the product is delivered "early" (i.e., before demand is realized) or "late" (i.e., delivered to the retailer only if there is demand). The theory indicates the implications for returns policies as well as of renegotiation costs and retail competition (Harrington, 2003).

2.3.2 Theory of Constraints

Gives clue on how to manage distribution strategy to eliminate stock-outs with less investment in inventory (McCabe, 2009). Eliminating stock-outs is certain to boost sales and profitability; it is designed for executives who want to learn how to improve the performance of their supply chain: Reduce inventory in the system, increase product availability, and improve supply chain responsiveness to changing and uncertain demand

In relation to carbonated soft drinks company environments like Coca-Cola, the theory helped to understand how is essential to make to stock, the time it takes to procure raw materials and then produce the product is simply longer than customers are willing to wait. At the time the product is produced, it’s uncertain where it will be needed (McCarthy, 1991). As well as how to maximize order fill rates to the consumer, how inventory are carried in fairly significant amounts. Also the theory enabled the researcher to understand how Coca-Cola minimizes costs for carrying inventory (obsolescence, interest, spoilage). So on one hand, the amount of inventory should be increased but, on the other, the amount of inventory should be reduced. Most supply chain solutions compromise one objective in favor of the other (Levi, 2007).

Using the Theory of Constraints (ToC) applied to the distribution problem, how to develop and execute an integrated strategy that resolves the problem without compromise. The researcher discover how, using an integrated approach, one can simultaneously reduce inventory and increase customer service. Theory of Constraints (ToC) helped researcher to understand how a powerful new forces that create excess inventory and know how company govern good service to customers. In relation to this study it was also be useful in understanding how companies develop tactics that counteract demand uncertainty and improve plant flexibility. Moreover, the theory of constraints enabled the researcher to understand how companies create a supply chain system that can be managed and controlled, integrating production, distribution and market planning (Khera, 2011).

The Theory of Constraints Distribution solution delivers direct financial benefits several ways. It delivers an array of benefits affecting throughput, inventory, and operating expense in the plant, distribution and customer. The most important avenue of improvement is of course, increasing sales (throughput). The essence of the distribution solution is rapid replenishment; enabling increased availability of products with significantly less inventory (Kauri, 2011).

But the heart of the Theory of Constraints solution is a replenishment model – and not the conventional replenishment model that is often used within a “Lean” supply chain mechanism. The TOC model supports a range of different distribution environments, from a VMI (Vendor Managed Inventory) situation where a TOC user replenishes a client’s inventory from capacity to what is more accurately considered a distribution environment where inventory is held at the TOC production site, at distribution centers, and downstream perhaps even to point of sale (Johne, 1999). But the replenishment mechanism itself is different from the increasingly common “JIT pull” supply chain flow; and a new concept takes the technology to new levels of effectiveness.

Mechanically, The TOC Distribution solution differs from the traditional and the "Lean" technique by providing for semi-automatic adjustments of inventory levels in line with actual consumption levels and also in line with other factors (Hill et al, 2005). The technique is always striving for low inventories … but constantly adjusting to ensure that there are no availability problems.

In fact, this approach is so effective that some Theory of Constraints users guarantee availability at pain of a cash penalty, while providing inventory reductions of 50% to 66%. But there's another element that comes into play – Buffer Management. Buffer Management is a technique perfected within the TOC to achieve three goals. To make sure that availability at any point of time is extremely high. To communicate crystal-clear priorities to all involved in the distribution chain, from Plant through to the end of the supply chain. To capture and analyze data that supports continuous process improvement along the entire supply chain. The results of the TOC Distribution solution are typically greatly reduced inventories throughout the system, combined with extraordinarily high levels of product availability (Moore, 1991).

2.4 Empirical Literature Review

Fengyi. Wu, and Yuehhua. Lee (2009) in their study investigation channel power and satisfaction in a marketing channel. He study adopted case study design in Guangzhou province-china. It was found out that the competition faced by business organizations is no longer mere inter-firm competition, but also inter-channel competition caused by adapting to industry globalization. Considering this trend, this study found out that there was a correlation between distribution channel power customer commitment and satisfaction. The results provide non-coercive power had a positive and significant impact on the channel firms' communication and commitment, as well as the supplier communication and commitment had a positive and significant impact on the economic satisfaction and non-economic satisfaction of channel firms.

Nadin (2008) in his study "managing relationship in distribution networks: evidence from the soft drinks market "The paper was concerned the relationship among soft drinks manufacturer and its dealers, focusing, especially, on the trust determinants. The nature of the rapport is controversial since asymmetrical power but at the same time, strong exclusive bonds influence the perception and the decisions of the parties. In addition, a recent evolution in the European retailing contract regulation has given new rooms for improvement for the dyad but has also left dark areas as regards potential opportunistic initiative.

Based on the emerging theories on trust and the construct in relationship, the paper explored the deep nature of relationship and trust in order to understand and reinforce the distribution of products to the end users (customer). A field research, run in the Italian domain (Nadin, 2008), has demonstrated the coexistence of power and trust determinants as drivers of the relationship between the soft drink producers and the dealer. It has suggested, furthermore, that soft drink producers can influence, by a cause-effect chain approach, the feeling of dealer toward the relationship and consequently can bust the dealer collaboration on an affective commitment base.

Accordingly with the results of the Lado, Dant and Tekleab (2007) study our research has remarked too the importance of the competitive tenure in the relationship as determinant of the innovation in the relationship and widely in the distributive network.
Daugherty (2009) in her study titled “reverse logistics in the automobile aftermarket industry.

The study employed case study design whereby 321 respondents participated in the stud data collection was done through the questionnaires and interviews. The results indicated that trust exists when one party has confidence in an exchange partner’s reliability and integrity. Trust involves an expectation held by an individual that another can be relied on. The existence of trust is particularly important with respect to buyer-seller exchange relationships. Buyer-seller relationships are almost always unequal; one party has more power, better positioning, and/or more resources. Because of the unevenness of power, the other party is likely to feel vulnerable unless trust is present. As such, trust is the mutual confidence that no party to an exchange will exploit another's vulnerabilities. It was shown that downstream channel partners that trust suppliers exhibit higher levels of cooperation and exert more effort on the part of the supplier. Channel partners that trust suppliers also tend to be more committed to and intend to stay in the relationship. Trust is viewed as a highly effective means of fostering cooperation across all types of inter-organizational relationships. Thus, trust in their customers appears important for suppliers who want to reap maximum benefits from the exchange relationship.

In a recent review of the literature on trust, Atuahene-Gima and Li found that both the academic literature and the popular press have a "strong normative bias toward the inherent value of trust - that is, trust is good for performance." However, they continue, "there is little empirical evidence to support the validity of this viewpoint". One study by Smith and Barclay, however, did find a positive relationship between trust and a firm's ability to achieve superior performance [23]. The first hypothesis is offered to further explore the issue.

Atafar et al, (2011) in their study "Assessing the Effectiveness of Distribution Channel in Isfahan Zamzam Company in their research, they gathered data by interviewing the top marketing managers who have high experiences in marketing, finally the variables in the research assumptions been used to incorporate flow table model for measuring the Effectiveness of Distribution Channel in Isfahan Zamzam Co. The study revealed that Zamzam distribution channel was successful in product transportation, gathering market Information was effective in payment procedures but distribution channel of this company is not been effective in trade promotion programs and communication with retailers and wholesalers.

McFarland (2001) in his study "the marketing position of industrial distribution"; the article discussed the position of industrial distributors in channels of distribution. The study was conducted in Johannesburg, South Africa, interviews and questionnaires were employed as methods of data collection. The result indicated that, doing business with industrial distributors is more cost effective than doing business with sales branches, sales offices and agents. The author notes that when compared to alternative agencies, the gross margin required by industrial distributors is similar. Also it was noted that industrial distributors are better qualified than alternative agencies to offer services such as emergency deliveries, credit clearance and knowledge of sources of supply for buyers.

Torii et al (2004) On the Length of Wholesale Marketing distribution Channels in Japan. The study adopted case study design; data collection was conducted through the use of questionnaires and interviews. It was revealed that wholesalers enter distribution channels to capitalize on their private information about demand and supply. The channels become long only when such private information is valuable. Also, the result indicated that there was a close link between wholesalers' private information and length of the marketing distribution channel, based on analysis of panel data for five wholesale industries drawn from the last three decades of Japan's Census of Commerce. Specifically, it was shown that marketing distribution channels tend to be longer--that is, they have more wholesale steps--where wholesalers tend to be in close geographic proximity to the final demanders, where wholesalers tend not to be organized into distribution keiretsu by manufacturers, where regional variation in demand tends to be idiosyncratic, where producers advertise less intensely and distributors advertise more intensely, and where the density and heterogeneity of retail outlets is greater. All of these are factors likely to be associated with the value of wholesalers' private information.

David (2005) in his study "Distribution Keiretsu, Foreign Direct Investment, and Import Penetration in Japan" based in directed marketing channel known in Japan as distribution keiretsu are more likely than others to be headed by a primary wholesaler that is vertically integrated with the manufacturer, which for foreign manufacturers entails their directly investing in Japan-based wholesale subsidiaries. Briefly stated, vertical integration better aligns the non-contractible wholesaler effort levels with the manufacturer's profit, but necessarily forgoes the inherent advantage of an independent wholesaler at market-widening efforts. This establishes a trade-off bearing on the decision to vertically integrate. Where market-widening efforts complicate the resolution of retail externalities, it can be better to forgo market-widening efforts altogether and instead focus exclusively on resolving the externalities, vertically integrating with the wholesaler in order to better administer a distribution keiretsu.

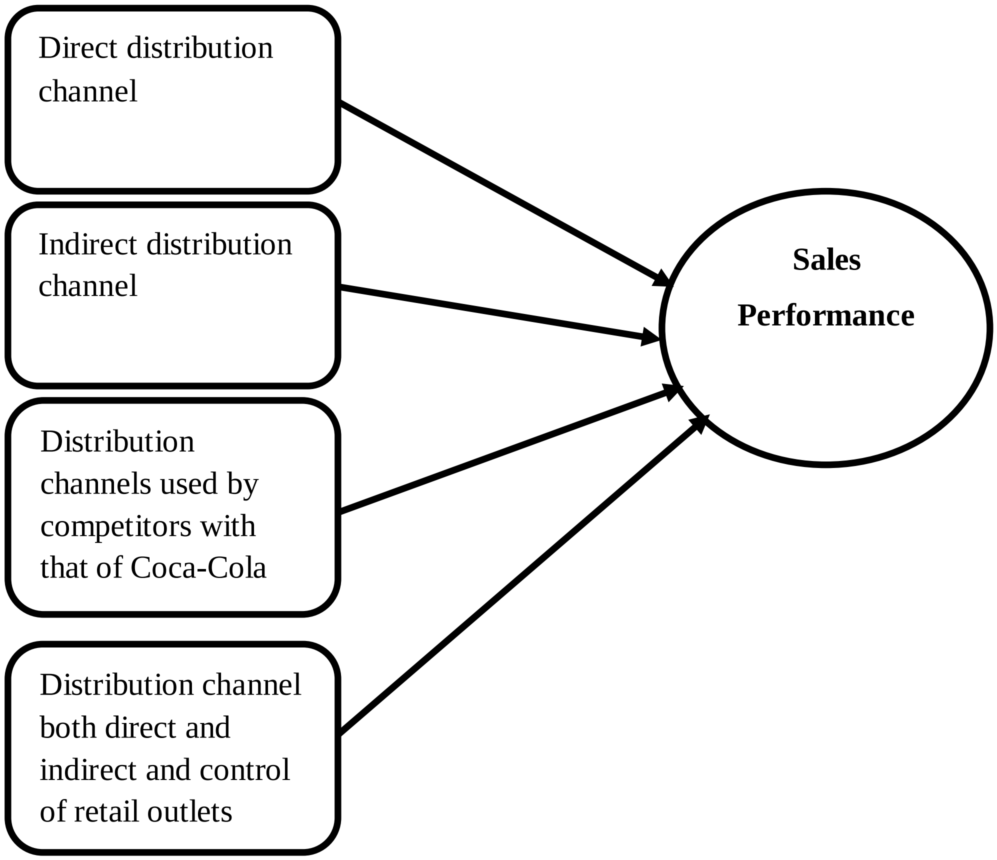
2.5 Research Gap

From empirical literature review of previous studies have shown that in the current complex business environment, the competition faced by business organizations is no longer mere inter-firm competition, but also inter-channel competition caused by adapting to industry globalization. Considering this trend, this study discusses and focuses on the effectiveness of distribution channel in the organization sales performance. This study employs the beverage industry as the research subject. Many studies on distribution channel were conducted in various places of different culture, political and economic systems, therefore, it is important to conduct another study in order to understand the performance trend especially on sales of carbonated soft drinks.

2.6 Conceptual Framework

With conceptual frameworks theories are connect to all aspects of inquiry such as problem definition, purpose, literature review, methodology, data collection and analysis. Conceptual framework can act like maps that give coherence to empirical inquiry. Because conceptual frameworks are potentially so close to empirical inquiry, they take different forms depending upon the research question or problem (Patricia Shields, 1998). For the purpose of the present research, the focus will be on the following independent variables and how they affect the dependent variable.

Figure 1: Conceptual Framework



Source: Author (2013)

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The chapter is composed of the following sections; Research Design; Study Area; Sample and Sample Size; Sampling Procedures; Data Collection Methods; and Data Analysis Plan.

3.1 Research Design

According to Kothari (2009), research design constitutes the blue print for the collection, measurement and analysis of data. Research design is "the arrangement of conditions for collecting and analyzing data in a manner that aims at combining relevance to the research purpose with economy in procedure (Kothari, 2009). Orodho (2003) defined research design as the scheme, outline or plan that is used to generate answers to research problems. The research strategy that used for the study is descriptive case study. Saunders and co-workers (2003) defines as case study as a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.

Case study is used in analyzing an issue in detail and brings about deeper insights and better understanding of the problem Tromp, et, al, (2006). Kothari (1985) notes that descriptive design is concerned with describing, recording, analyzing and reporting conditions that exist or existed. Engel (1972) argues that descriptive methods are widely used to obtain data useful in evaluating present practices and in providing basis for decision-making.

3.2 Research Approach

This study adopted qualitative research approach because qualitative approach assumes that social reality is within us and therefore the act of investigating reality has an effect on that reality. Furthermore, this approach emphasizes the subjective aspects of human activity by focusing on the meaning, rather than the measurement of social phenomena (Collis and Hussey. 2003: 53). It is believed that social reality is dependent on the mind and there is no reality independent of the mind. Thus, what is researched cannot be unaffected by the process of the research. Leedy and Ormrod (2005: 133) says that qualitative researchers believe that the researchers ability to interpret and make sense of what he or she sees is critical for understanding any social phenomenon.

3.3 Study Area

The research was conducted at Coca-Cola Kwanza Limited, one of the popular carbonated soft drink producers in Tanzania. In this study, Morogoro was chosen as a study area. Morogoro has been chosen because of the existence of Company Depot, which is a Model Depot among other Depots and expected depots to be opened in various areas. Second, the selection was base on the researcher's accessibility to the respective company in relation to the subject matter.

3.4 Study Population

For the present study, the target population from which the researcher draw conclusion comprised of different Coca-Cola staff and their customer, both the upper managements staffs and their sales personnel's were included in Coca–Cola side while their customers (end users) were included in another side. Whereby 32 employees were selected and included in the sample, to make sure that information are more meaningful 60 customers (retails outlets, MDC/KD) who served by the respective company were selected to make a total sample of 92 participants.

3.5 Sample and Sample Size

According to Saunders and colleagues (2009), population is "the full set cases from which a sample is taken". Likewise Kombo and Tromp (2006) define population as a group of individuals, objects or items from which samples are taken for measurement. Employees of Coca Cola Kwanza Tanzania Limited was targeted as respondents for this study. The respondents first were contacted face to face and explain the nature of the study. Their participation was sought. About 90 participants including managers, employees and customers of the company participated in the study.

3.6 Sampling Procedures

Sampling is the procedure a researcher uses to gather people, places or things to study (Kothari, 2009) it is a process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of characteristics found in the entire group (Kombo and Tromp, 2006). Kothari (2009) defines sampling technique as the procedure the researcher would adopt in selecting items for the sample. In this study, the sample was selected by judgmentally/purposively and randomly sampling procedures. For the purposive sampling, respondents was chosen based on the researcher's judgment that they have desirable characteristics and could provide the required information. The simple random sampling was applied in selecting respondents from several departments in order to provide equal chances to employees of being selected for study. The sample of 92 of the population was drawn from Coca-Cola Kwanza Tanzania Limited. This sample size was reasonable as the population is homogeneity. All senior officers and heads of department were selected purposefully because they are at key positions of the company knowledgeable and experienced in soft drink distribution process. After that the researcher used simple random sampling excluded senior officers and heads of departments. The sample of this study included 92 respondents, comprising 32 Coca-Cola staffs, 60 comprised retail outlets/agents/distributors. The following table summarizes the sample of the study.

Table bellows shows the total sample used in the study. To accomplish the research effectively the researcher selected the following respondents as a sample size.

Table1: Sample Size

S/N	Sample of the study	No of respondents
1	Coca-Cola officials	32
2	Distributors and Retail outlets	60
	TOTAL	92

3.7 Types of Data

3.7.1 Primary data

Primary data are those which are collected afresh and for the first time, and thus happen to be original in character. These could be collected using observation, interviews, questionnaire and schedules (Kothari, 2009)

3.7.2 Secondary data

Secondary data are those collected by someone else and have already been passed through the statistical process for this study the secondary data were also obtained from various departments on distribution strategies which has been put to manage supply chain of Coca-Cola products. For example, published and unpublished data. Published data include, research reports, magazines, books and newspapers. This study collected relevant information from various written documents concerning distribution channels

3.8 Data Collection Methods

3.8.1 Questionnaires

Questionnaires constituted a set of questions, which was prepared by the researcher in written form in order to collect required data. The questionnaire included both close ended and open ended questions. According to Tromp and co-workers (2006), questionnaire is a research instrument that gathers data over a larger sample and there is no opportunity for interviewer bias. It is through this method that the researcher can get respondents' own words and well thought out answers Kothari (2003).

3.8.2 Structured Interview

Interviews were conducted in order to collect additional information mainly qualitative which the questionnaires might not be able to capture and enable the researcher to collect sufficient data. Both structures and unstructured interviews were used to main respondents or informants. According to Kothari (2004), interviews are suitable for intensive investigations. On the same line Wellman (2001) stated that interviews are very useful because highly specified data can be obtained in a very short span of time and is also useful in providing a general overview of people's thoughts. In this study interviews were conducted to the selected Head of department's officials especially those working in distribution, line managers and other senior officials so as to gain detailed information on the Coca-Cola distribution channels.

3.8.3 Documentary Analysis

This is the secondary source of data collection. According to Kothari (1990), secondary data are those already collected by someone else and have already been passed through the statistical process. They are already available. For example, published and unpublished data. Published data include, research reports, magazines, books and newspapers. Unpublished reports include diaries, biographies and autobiographies.

The researcher collected relevant information from various written documents concerning distribution channels strategies. The documents included in the company's distribution channels as well as strategic plan or action plans, and programmes. They also included booklets, reports on distribution channels, and certification documents. Data obtained from documents were used together with other pieces of information which obtained from different sources of data collection methods. The researcher selected questions which could be measured with variables and used coding scheme to capture them, to make sampling frame, choosing the cases to analyze that are representative and unbiased. To get a sampling frame, researcher searched for relevant cases in contemporary historical achieve distribution channels.

3.9 Data Analysis

The data collected were arranged into a more workable framework that enabled the researcher to classify and organize them. In order to get desired results from the study, data collection was processed, and that is through, editing, coding, classification and tabulation. The research also used Ms Office Excel 2007 version software to carry out analysis of data especially in computing relationship of variables. Descriptive analysis was used on respondents about factors influencing

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents the findings that were intended at assessment of the Effectiveness of Channels of Distribution Models in the Sales Performance of an Organization at Coca-Cola Morogoro Region. The specific objectives of the study were to assess the extent into which Direct distribution channel affects sales performance, also, to assess the extent into which Indirect distribution channel affects sales performance, additionally, to asses distribution channels being used by competitors with that of Coca-Cola in Morogoro region and to asses distribution channel adopted by Coca-Cola Kwanza Ltd both direct and indirect Morogoro Depot and Control of the retail outlets.

The collected data had been analyzed where editing, coding and classification had been done. Data cleaning which include editing and coding were done in order o examine the collected raw data being free from errors and omissions and make corrections as well as to assist the researcher to put respondents into limited number of classes that were appropriate to the research problem. Tabulation was applied in order to compliment explanatory and descriptive elements. The study was done at Coca-Cola Morogoro Region.

4.1 Respondent's Characteristics

Population of the study taken hereunder as the sample study provide the following characteristics that are descriptively presented with respect to gender, marital status, Academic qualification and Age of the respondents.

4.1.1 Gender of the Respondents

In this study gender were unevenly distributed by both male and female respondents, this suggest that researcher were not biased in inclusion of both sex.

Table 2: Sex of Respondents

Gender	Frequency	Percentages (%)
Female	40	44.5%
Male	52	55.5%
Total	92	100

Source: Field Data (2013).

The Findings revealed that majority of the respondents (55.5%) were male respondents followed by female respondents 44.5%.

4.1.2 Age of respondents

Table 3: Age of respondents

Age bracket	Frequency	Percentage (%)
Between 18-25 years	20	22.2
Between 25-35years	40	43.5
35 years and above	32	35.5
Total	92	100

Source: Field Data (2013).

The findings showed that 22.2% of the respondents were between 18 to 25 years, 43.5% were between 25 to 35 years and constituted the majority. 35.5% were between 35years and above, however this indicates that the information got is viable.

4.1.3 Duration of work of respondents

Table 4: Duration of work of respondents

Respondents	Frequency	Percentage (%)
Between 0-5 years	22	24
Between 6-10 years	20	22
More than 10 years	50	54
Total	92	100

Source: Field Data (2013).

From the table above, findings show that 54% of the employees in the organization had served for more than ten years and above, 24% had served for duration of 0-5 years, while 22% had served for duration of 6-10 years. This thus revealed that most of the employees involved in the supply chain/distribution of Coca-Cola kwanza products in Morogoro are experienced hence performing their duties with confidence and perfection.

4.2 Influence of Direct Channels of distribution on Sales Performance

The aim was to examine the influence of direct channels of distribution on sales performance of Coca-Cola Kwanza in Morogoro. Data collection was done through the use of questionnaires and interviews as well as documentary reviewed.

4.2.1. Product Information Flow/Availability

Today doing business as usual is ineffective because process such as just in time (JIT) inventory ordering scheduling payments. Manufacture, distribution and so on, change has become the custom and highly predictable unforeseen situations on basic realities for many timeless to develop new model of a networked corporate for independent organization and entrepreneurs, lean flexibility, adaptive and responsive to both customers' needs and market requirements for key features.

Table5: Information Flow as far as distribution channel on Supply

Responses	Frequencies	Percentages (%)
Strongly agree	48	52.3
Agree	23	25
Not sure	3	3.2
Disagree	12	13
Strongly disagree	6	6.5
Total	92	100

Source: Field Data (2013)

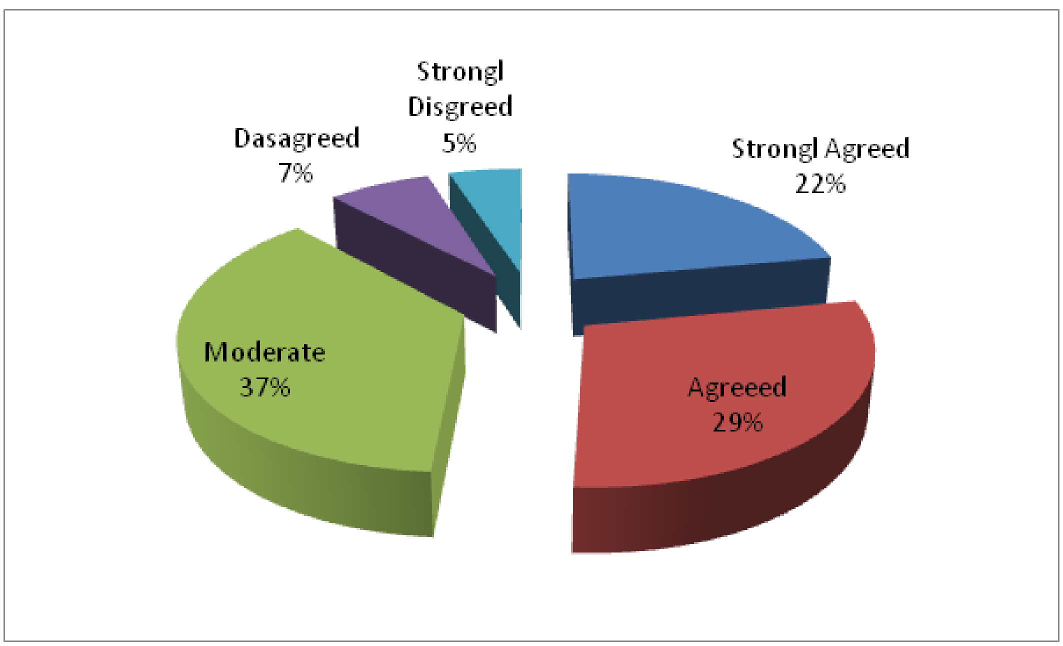
77.3% of the respondents agree with the statement, 3.2% were not sure and 22% do not agree implying that it's true that ensure availability of information on Coca-Cola products in Morogoro and therefore, saving time for customer.

Similarly, Smith (1995) put it forward that linkage of distribution channel and buyers/customers ensure first hand information for quick decision making and the flow of information in such a way that it is swift and noise free because of already established protocols among organization. The effect is very big as far as information flow is concerned, as once quoted by Wilson (1995) saying that “On a political map the boundaries between countries are as clear as ever but on competitive maps, map showing the real flow financial and industrial activities, those boundaries have largely disappeared, all the forces eating them away perhaps the persistent is the flow of information which requires a very deep pocket.

4.2.2 Product Availability

The study sought to investigates whether the increase of coverage distribution channels influenced that availability of coke products in Morogoro region. Both direct and indirect channel of distributions were studied through asking questions to the respondents who were invited to take part in this study.

Figure2: Respondents views on the availability of Coke Products



Source: Field Data (2013)

The findings revealed that 22% of the respondents strongly agreed that the increase of coverage distribution channels influenced that availability of coke products in Morogoro region. 29% agree, 37% which are the majority were not sure which implies that respondents are not sure the increase of coverage distribution channels influenced that availability of coke products in Morogoro region. While, 7% and 5% respectively disagreed.

4.2.3 Customer Requirements

The study sought to investigates the influence of the increased coverage of distribution channel with the achieving customer service requirements in Morogoro region. Data collection was done through the use of questionnaires and interviews. Results are as indicated in figure below.

Table 6: Influence of Channel of distribution and Customer Requirements

Responses	**Frequencies**	**Percentages (%)**
Strongly agree	10	11
Agree	30	33
Not sure	31	34
Disagree	9	10
Strongly disagree	11	12
Total	**92**	**100**

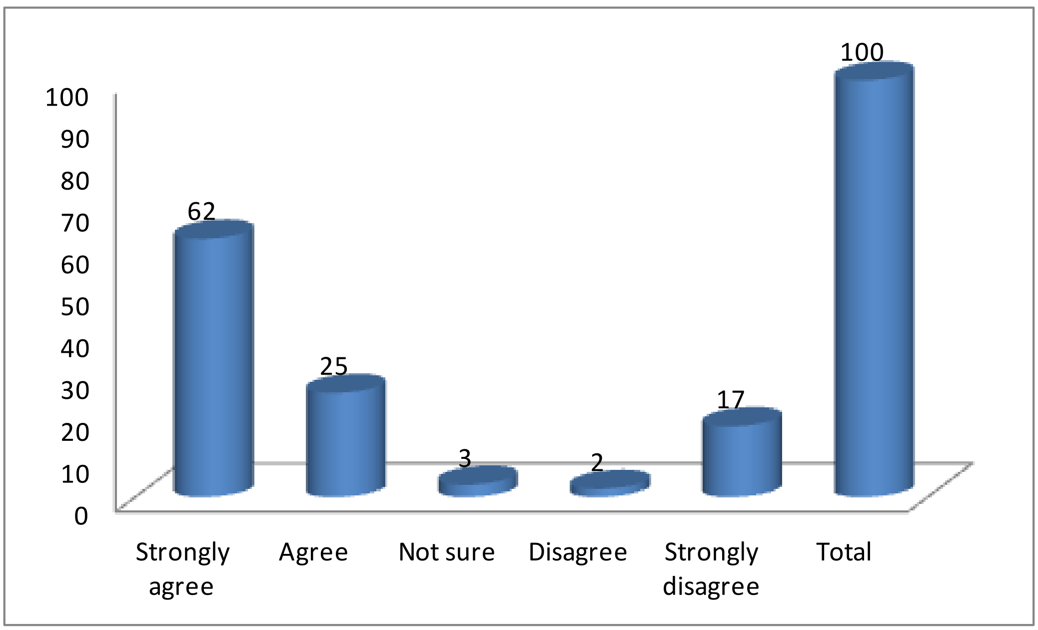
Source: Field Data (2013)

The findings revealed that 11% of the respondents strongly agreed that the increased coverage of distribution channel with the achieving customer service requirements in Morogoro region. 33% agreed, 34% were not sure which implies that respondents are not sure whether the increased coverage of distribution channel with the achieving customer service requirements in Morogoro region

4.2.4 Shorten the Response Time on Product Distribution

The study sought to investigates the influence of distribution channel on ensuring availability of good on time to customers by shortening the response time. Respondents who took part in this study were asked to provide answers based on experience from Coca-Cola distribution system of her products in Morogoro. Since the most critical/major objective of distribution channel is to shorten the response time to customers demand and reduce inventory investment. Results are as provided in figure below.

Figure 3: Shorten the Response Time to Customers Demand



Source: Field Data (2013)

62% of the respondents strongly agree that the most critical/major objective of distribution channel as adopted by Coca-Cola is to shorten the response time to customers demand and reduce inventory investment, 25% agree, 3% were not sure and 19% don’t agree which implies that the most critical objective is to shorten the response time to customers demand and reduce inventory investment.

These findings are similar the findings from the study of Needman (1995) who found out that effective distribution channel is always speedy and efficient.

Effective distribution channel enables companies to carry out their distribution function quickly and efficiently by modeling customers pattern of demands and avail products/items which are of their desired quality at the right time and in right place, provides improved service access to such information helps company to deal with specific problem as and when they arise in conjunction with the customer complaints. Organizations have more information upon which they base, hence enabling organizations to make supply of her products efficient and effective. According to Hill (1997), suppliers and buying firms are able to communicate to one another in ready time, with no time delay which lastly increased flexibility and responsiveness of the whole distribution chain system.

4.2.5 Easy Relationship Between Coca-Cola Company and Agents/customers

Coca-Cola and retail shops are able to communicate to one another in ready time, with no time delay which lastly increased flexibility and responsiveness of the whole supply chain system.

Table 7: Relationship Between Coca-Cola Company and Agents/customers

Responses	Frequencies	Percentages (%)
Strongly agree	37	40
Agree	43	47.1
Not sure	3	3.2
Disagree	3	3.2
Strongly disagree	6	6.5
Total	92	100

Source: Field Data (2013)

87.1% which is the majority of the respondents agree that Coca-Cola and retail shops are able to communicate to one another in ready time, with no time delay which lastly increased flexibility and responsiveness of the whole supply chain system 3.2% were not sure and 3.2% do not agree which implies that the statement is true according to the findings. Distribution channel between coca cola and buyers ensures effective and speed reply across multiple zones.

4.2.6 Support and Collaboration for New Product Development Decisions

This part aimed at examining the as to whether or not the distribution channel adopted by Coca-Cola provides customers with support and collaboration for new product development decisions. Results are as indicated in Table 8.

Table 8: Support and Collaboration for New Product Development Decisions

Responses	Frequencies	Percentages (%)
Strongly agree	38	41.3
Agree	27	29.3
Not sure	5	5.4
Disagree	12	13
Strongly disagree	10	11
Total	92	100

Source: Field Data (2013)

65% of all the respondents agree that distribution Channel adopted by Coca-Cola provides customers with support and collaboration for new product development and hence affect buying decisions of Coca-Cola products, 24% don't agree who were the majority and the rest were not sure implying that the statement is true to a small extent

As Lenders (1997) asserts that distribution Channel determine availability of items in suppliers stock transmit a purchase order, obtain a follow up information about any changes in purchases requirement caused by schedule revision obtain service information and sends letters and memorandum instantly.

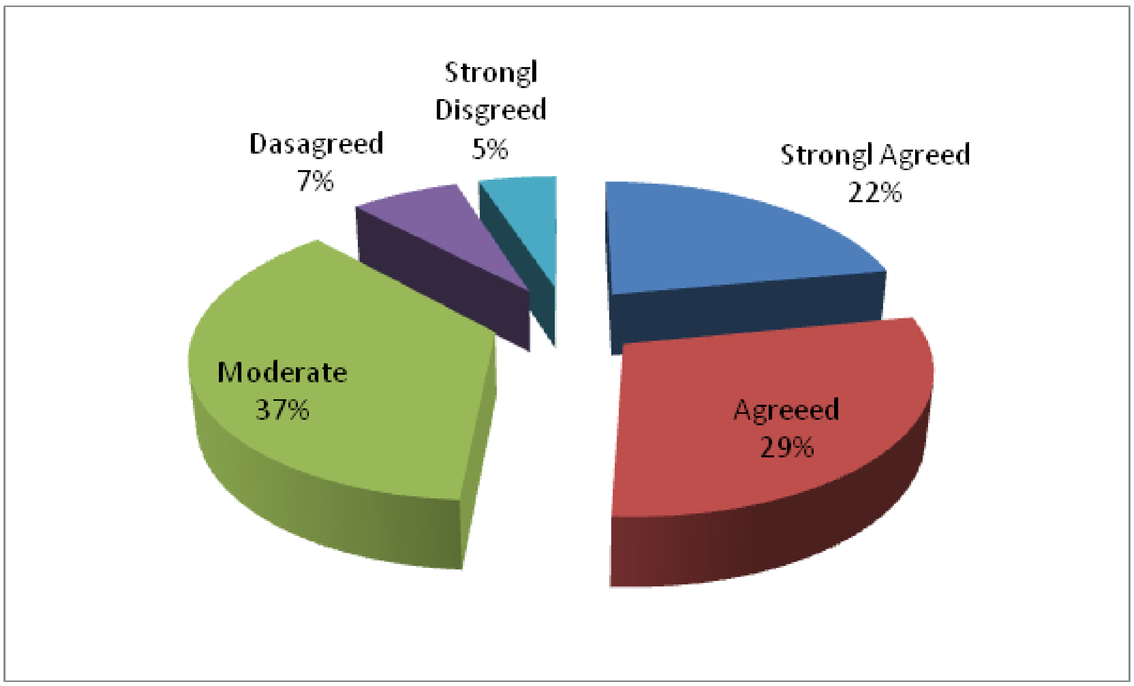
4.3 The Extent into which Indirect Distribution Channel Affects Sales Performance

The second objective of this study was to determine the influence of indirect distribution channel affects sales performance as adopted by Coca-Cola Kwanza Limited. Data collection was done through the use of questionnaires, interviews and documentary reviews. Various observations emerged out of the study. This is based on idea that, the most important objective for any distribution channel is to make the product conveniently available for customers who want to buy it. For consumer goods, two aspects of availability must be considered. The first is to attain the desired level of coverage in terms of appropriate retail outlets. Because retailers differ in their sales volume, manufacturers need to weight the relative importance of each retailer on the basis of its percent of sales within the product category in question.

4.3.1 Customer Behavior/ Habit

The study aimed at examining the extent to which customer behavior/habit can enhance or determine distribution channel adopted by Coca-Cola Kwanza Limited in Morogoro to ensure availability of products in the region. Results are as indicated in figure 4 below.

Figure 4: Respondents view on how customer behavior/ determine distribution channel



Source: Field Data (2013)

The findings revealed that 22% of the respondents strongly agreed that customer behavior/habit can enhance or determine distribution channel adopted by Coca-Cola Kwanza Limited in Morogoro. 29% agree, 37% which are the majority were not sure which implies that respondents are not sure whether customer behavior/habit can enhance or determine distribution channel adopted by Coca-Cola Kwanza Limited in Morogoro. While, 7% and 5% respectively disagreed.

Customer behavior is also on the company side as most of the customers specifically ask for the company's product. This is a good sign for the company as in such times of competition effective distribution channel is not only important but it also helps the company to introduce new products much easily. Habit is one of the main determinants of channel choice. Coca-Cola just uses different channels because they have used them often and because they are satisfied. The findings above from interviews clarify how and why Coca-Cola focused on customer habits to design their channel choice, these are based on experiences with channel usage and on the perceived characteristics of the service channels. This finding is restricted to the soft drinks. Further, it was indicated that some people have standard routines in the follow up of the channels they choose and use, meaning that when people have a problem, they solve problem, based on the nature of channel that is used in acquiring products.

4.3.2 The Selection Process of Customer and the Distribution Channel Adopted

The study sought to investigates about selection process of customer and the distribution channel adopted. This was among of the key research question concerns how the customer characteristics influences the selection process and distribution channel adopted. In order to answer this question, questionnaires and interviews were employed. Results are as indicated in table 9 below

Table 9: The Criteria used in evaluating agents/distributors

Goals and strategies	81%
Size of the firm	61%
Reputation of agent with other suppliers, customers, and banks	74%
Trading areas covered	69%
Physical facilities	52%
After-sales service capability	58%
Financial strength ranked	79%

Source: Field Data (2013)

According to the respondents four criteria are drawing up the agents/distributors profile, locating agents/distributors prospects, evaluating agents/distributors prospects and finally choosing the agents/distributors. The respondent states that when Coca-Cola Company selects the distributor either it follows the rule or it is just random. According to respondents the first phase lists all the criteria a company should look for in prospective agents/distributors for a target market. Some criteria are determinant due to the fact that they form the core dimensions along which candidates must perform well, whereas some criteria may be used only in preliminary screening. Before signing a contract with a particular agent, the agents/distributors should satisfy it on certain key criteria. According to respondents it is the following criteria to be considered when selecting the agent:

The respondent was given the criteria list above and stated that all criteria on the list were considered more or less. The five most important criteria were Goals and Strategies that ranked 81%, trading areas covered Sales organization ranked 66%, financial strength ranked 79% and was considered as quite important according to the respondent due to the fact that it generally gives a good total picture of the agent/distributor.

The respondent further states and especially emphasizes that it is vital that the agent/distributor “feels” for the product and shows commitment. This is the most important criteria when selecting the agent/distributor. The agent/distributor is obliged to not have any competitor products, only complementing. Respondents stated that there are both pros and cons of Size of the firm which ranked 61%. A problem with a big company is that it generally has a good reputation and position, is well established on the market and has access to a valuable network. A con with a big company is that the process to distribute the products of Coca-Cola might be slow and the focus Coca-Cola requires is not there. Coca-Cola demands focus on the products and an agent/distributor that wants to grow and prosper along with Coca-Cola.

Two criteria that were considered as not important were Size of the firm in relations with the business of soft Drink. Size of the firm is not important, once again the respondent emphasize that the agent/distributor shows true commitment. Therefore, it might be best to choose a low-scale operating agents. However, then there is the issue of lack of experience and not as many important connections which the high-scale agent might have. According to the respondent another criteria which is not that important is Physical facilities that ranked 51% due to the fact that it is not a good indication of how the agent/distributor will perform. For example, during the administration of this study it was revealed that some agent/distributor started to operate, having poor physical facilities in terms of small stores but in few years later they had expanded and now having large and great storages.

The second phase consists of locating distributor/agents prospects. Information on prospective agent in a target area may be collected from numerous sources such as government agencies local authority, banks, and personal visits according to respondents. Using organizations such as banks was found to be helpful when locating appropriate agents as employed by Coca-Cola in Morogoro. The respondent stated that there should be market research conducted in order to find out what other products there are, what competition there is, prize strategies, and what potential market share the agents has to gain there. Coca-Cola Company does this on its own or use.

It was found out that it is important that the agents/distributors are able to handle and store the Coca-Cola products according to respondents who took part in this study. They must have capacities to store the Coca-Cola products and keep them deep-frozen through the entire channel. When selecting the agent/distributor existing relations on the local market are central due to the fact that it might result in valuable contacts and customers for Coca-Cola Company. Moreover, if the agent/distributor has good relations to its customers Coca-Cola will gain from that and establish a good reputation. The products will more likely be sold since the customers trust the agent/distributor. It was revealed that Coca-Cola prefers the agents/distributors to be small- or medium sized companies due to the fact that Coca-Cola demands great focus on its own products. If having an agent/distributor that is a big company the Coca-Cola products might disappear as the agent/distributor has no time or energy to put its focus on Coca-Cola products.

Respondents stated that the collaboration between Coca-Cola and its agents/distributors go both ways. The agents/distributors must feel that they grow through collaboration with Coca-Cola. Moreover, respondents stated that they attend seminars in order to learn more about the various products sponsored by Coca-Cola. Furthermore, Coca-Cola must make sure that all agents in the distribution channel can handle the relations with all the involved parties according to respondents.

When locating prospective agents/distributors Coca-Cola generally goes through contacts that have been established by customers and word-of-mouth. Moreover, it was revealed that Coca-Cola locates prospective agents/distributors by using the marketing and sales departments which collects data on various agents/distributors that might be of interest to Coca-Cola. Coca-Cola Company also attends trade fairs such as SABA-SABA, NANE-NANE in order to locate prospective agents/distributors. Often Coca-Cola receives spontaneous inquiries from interested agents/distributors. Respondents state that personal visits are a natural step in the process when selecting the agent/distributor. The respondents stated that they always try to collect information from various sources in order to get the general history of an agent/distributor. However, if there is one "bad" factor discovered in the past of the agent/distributor there are often logical explanations and Coca-Cola team does not drop the agent/distributor right away but tries to find what the explanation is. There must be a personal meeting. Finally, Coca-Cola team does not choose agents/distributors that have competitor products in their stores.

4.3.3 The Relationship between Customer Characteristics and Channel Management

Respondents were asked to rank the following criteria as used by Coca-Cola in managing distribution channel both direct and indirect by focusing on Customer Characteristics in Morogoro region.

Table 10: Relationship between Customer Characteristics and Channel Management

Adherence to the price strategy	89%
The personal characteristics	62%
Relation as competitive advantage	71%
Training conducted by Coca-Cola	57%
Personal visits/Communication	82%

Source: Field Data (2013)

According to respondents the contracts that Coca-Cola signs with its agents/distributors include the following: the agent/distributor must have facilities to store the deep-frozen products, it must obedience the price strategy, ranked 89% as indicated in Table above and the agent/distributor must remain exclusive in order to maintain the confidence between both parties. The focus must always remain on the Coca-Cola products. Respondents stated that there is first a contract written in English which is reviewed by a lawyer. When writing contracts with there is always a lawyer needed due to the fact that there are different procedures and practices to follow, that agents might not be aware of. The contract is send back and forth with changes from both parties which finally ends up in the closing contract. With established agents/distributors there are always written contracts. With new agents/distributors Coca-Cola awaits and sees how well the agent/distributor in question works along with the Coca-Cola guidelines and wishes. In what stage the deal/contract is written depends on what time of the year it is. The contract is written for 2-3 years and if the collaboration works and the agent/distributor do a good job the contract is renewed on a regular basis.

Coca-Cola tries to build nourishing relations with its agents/distributors. The personal characteristics are important ranked 62%; it works just like in various social circumstances where people feel one another and from that build the relationship state the respondents. With established agents/distributors, there are long-term relations.

Where the collaborations with the agents/distributors runs well the aim is always to establish long-term and close relations. In order to build up long-term and close relations the respondents stated that it is important to interact with the agents/distributors in addition to business. For example, Coca-Cola invites agents/distributors to the company premises and does sightseeing and various activities of the operations. The relation to agents/distributors is considered as a competitive advantage. Respondents emphasized on the importance of a giving relation with the agents/distributors where both parties gain from one another. Of course a close relation is a competitive advantage and ranked 71% but, respondents stated that if not having a close relation to the agents/distributors there is no point in pursuing further business. Coca-Cola motivates its agents/distributors in a number of ways. Some motivating factors that are utilized are bonuses, rewards, for example a percentage of the profit, and trips. Coca-Cola communicates with its agents/distributors on a regular basis.

Personal visits ranked 82% that take place from four times a year and more. Communication over the phone and e-mailing takes place once a day or at least several times a week. This is in general, but it depends on what relation that has been established. If there is not much Coca-Cola Company can do to help or guide in any way, there is reason to communicate that often. It was found out that there were few training conducted by Coca-Cola and this aspect ranked 57%. Coca-Cola invites its agents/distributors to the factory where the beverages are produced in order to inform the parties of the process that takes place and to get to know the values with the product and how to handle it. This happens in an early stage of the collaboration with the agents/distributors according to both respondents.

From then on, the agents/distributors “live” with the product and a “living process” takes place. Due to the fact that Coca-Cola Company demands focus on its products from the agent/distributor it results in a natural learning process about the products and its constant developments. Thereby there is a constant exchange of information from both parties. Information is gathered from measurements of sales figures, trade fairs and from the demonstrators from the retail trades. Moreover, the demonstrators that work in the various retail trades are trained in order to demonstrate the Coca-Cola products in the right manner. However, this training is the responsibility of the agent/distributor.

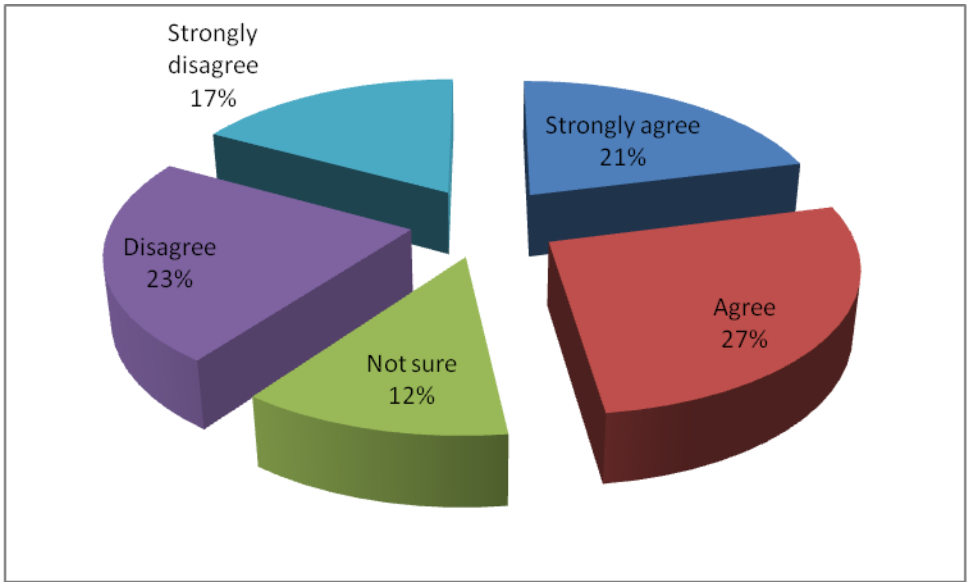
4.4 Distribution Channels used by Competitors with that of Coca-Cola in Morogoro Region.

The third objective of this study was to compare the effectiveness of the distribution channels used by competitors with that of Coca-Cola in Morogoro region. Data collection was done through the use of questionnaires, interviews and documentary reviews. Some of the aspect assessed includes replacement time of products, incentive for high sales, and peak season supply and demand. Various observations emerged out of the study.

4.4.1 Replacement Time of the Stock

The study aimed at comparing the effectiveness of the distribution channels used by competitors with that of Coca-Cola in Morogoro region especially on replacement time of products to the customer through the use of both direct and indirect distribution. Result is as indicted in the figure 5 below.

Figure 5: Respondent's views on Replacement Time of the Stock



Source: Field Data (2013)

The finding exhibited a high proportion 27% agreed and 21% who are the majority strongly agreed that Coca-Cola in Morogoro region was able to replace stock at the expected time, although some respondents complained about the ability of Coca-Cola in Morogoro region to supply products during high peak seasons, 12% of respondents were not sure with the statement and 23% disagreed and 17% strongly. Generally most of the retailers were happy with the replacement of the stock. The average time came out to be within 1 to 2 days that is a good sign for the company. This helps the company to interact more frequently with the retailers and ensures that no sales are lost due to unavailability of the stock.

4.4.2 Incentives for High Sales

The study sought to investigates incentives for high sales provided by Coca-Cola Company for agents/distribution especially in comparing with other companies that engage in soft drinks in Morogoro region. Respondents were asked provide their views based on their experience in the business. Results are indicated in table 11below

Table 11: Respondents views on Incentives for High Sales

Responses	Frequencies	Percentages (%)
Strongly agree	8	9.4
Agree	36	39.1
Not sure	29	30.5
Disagree	11	12
Strongly disagree	8	9
Total	92	100

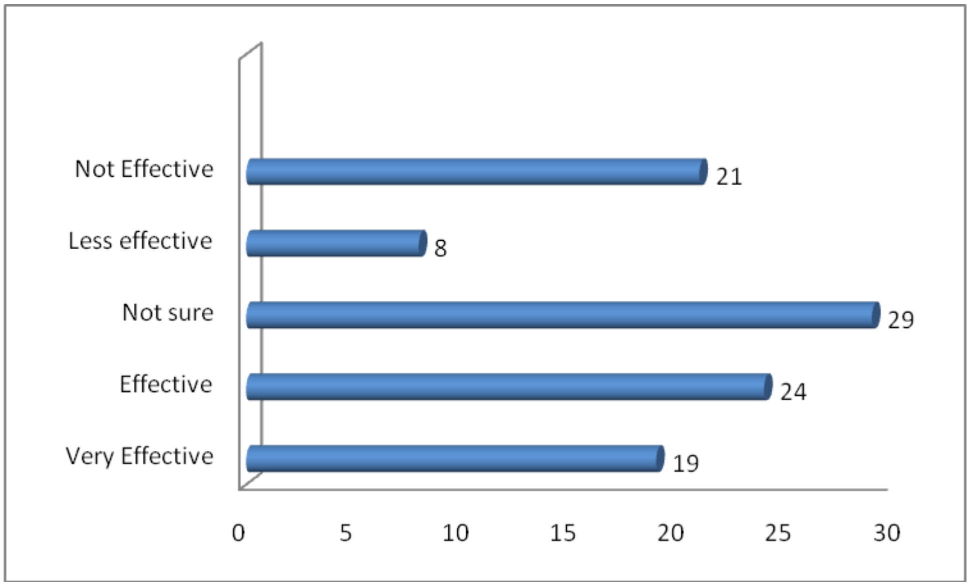
Source: Field Data (2013)

The findings revealed that 9.4% of the respondents strongly agreed that agents/distributors are provided with more incentives for high sales in comparing with other companies that engage in the soft drink industry. 39.1% agreed, 30.5% were not sure which implies that respondents are not sure whether agents/distributors are provided with more incentives for high sales in comparing with other companies in the similar business in Morogoro and 21% disagreed. Based on the available findings the result is mixed up since a large number of respondents who took part in this study remained silent. From the study it is clear that the company have a proper policy in place to reward the distributors and retailers having high sales though it seems that incentives are not encouraging. This is an area of concern for Coca-Cola Company as giving incentives to the retailers would help in increase in sales and brand visibility of the company. At present the company is only giving cash incentives to the retailers but it should also start looking at awarding these retailers in some kind of annual meeting of the company so that the retailers feel of being a part of the company.

4.4.3 Peak Season Demand and Supply

This part aimed at investigating the effectiveness of distribution channels used by Coca-Cola in Morogoro region with that of competitors, this part specifically focused on the demand and supply of products during peak season. Results are indicated in figure 6 below.

Figure 6: Effective of Demand and Supply during peak season



Source: Field Data (2013)

Based on the above findings when respondents were asked on the effectiveness of distribution channels used by Coca-Cola Kwanza Limited in Morogoro region with that of competitors more than 40% agreed that it was effective and they commented that it promoted availability of products to the customer, 29% remained silent, while 8% and 21% respectively said they were not effective, this was due to the fact that they had experience with services provided by competitors such as Pepsi and AZAM , when they were asked about the reasons for these payments, most of them explained hat Coca Cola preferred much the use of selling point or agents (indirect distribution Channel) while other companies such as Pepsi Co. and AZAM preferred the use of direct channel of distribution hence reaching customers/retailer of all categories.

It is pretty evident from the study that Coca-Cola Kwanza Limited in Morogoro region sometimes is unable to meet the demands in peak times of sales and the competitor is cashing on this weakness of the company, when respondents were asked about the reason behind this, they explained that Coca-Cola Kwanza Limited had no production centre in Morogoro region therefore, all products are brought in from Dar es Salaam. Most of the retailers said that the company is unable to meet the demand in peak seasons and in times when the supply should be increased for instance during holidays. The company has the same distribution strategy even in peak season that leads to loss of sales for the retailers and making them unhappy.

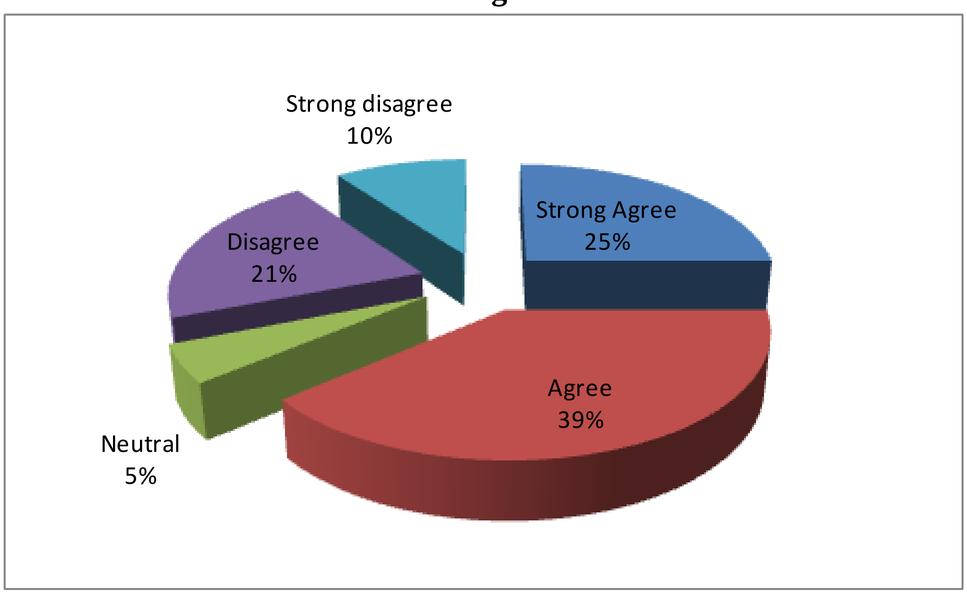
4.5 Distribution Channel adopted by Coca Cola Kwanza Control of the Retail Outlets

The last objective of this study was to asses distribution channel adopted by Coca-Cola Kwanza Ltd both direct and indirect Morogoro Depot and Control of the retail outlets. Data collection was done through the use of questionnaires, interviews and documentary reviews. Various observations emerged out of the study.

4.5.1 Coca-Cola Kwanza and Retailer Relationship

In this part the study investigated the effectiveness of distribution channel adopted by Coca-Cola Kwanza Control of the retail outlets in Morogoro Region. Respondents through questionnaires and interviews were asked to give their views in the subject matter.

Figure 7: Effectiveness of distribution channel adopted by Coca-Cola Kwanza Control of the retail outlets in Morogoro



Source: Field Data (2013)

Data presented in figure 7 above indicates that 25% strongly agreed, and 39% agreed that the distribution channel adopted by Coca-Cola Kwanza Control of the retail outlets in Morogoro Region were effective. 21% disagreed and 10% strongly disagreed which means that they were not sure whether the distribution channel both directs and indirect are effective.

Respondents who took part in this study agreed that strong relationship that exists between Coca-Cola and agent is bases on trust this implies that trust is an important factor in sustaining the complex business network and contributing to the success of Coca-Cola Kwanza in Morogoro business communities. These findings are similar with (Woo, 1999) who argued that trust indicates "a person's reputation for trustworthiness on both a professional and personal level as well as credibility in a business situation. Similarly, Ganesan (1994) reported that the reputation of the supplier's fairness has a significant effect on its credibility in the business, and consequently satisfactory credibility will create higher level of trust. Table 12 summarizes other benefits of building trust in relationships as reported

Table 12: Benefits of building trust in business relationship according to respondents

Decrease transaction costs in an exchange relationship	77%
Reduce the risk of opportunistic behavior	79%
Increase long-term orientation and relationship	82%
Willing to engage in future business opportunity	68%

Source: Field data (2013)

From Table12.above 77% of respondents who participated in this study agreed that trust decrease transaction costs in an exchange relationship, trust reduce the risk of opportunistic behavior ranked 79%, trust increase long-term orientation and relationship ranked 82%, trust increase the willing to engage in future business opportunity ranked 68% and trust facilitate cooperative transaction ranked. Based on the available findings it shows that distribution channels both direct and indirect enabled Coca-Cola Kwanza Limited to control retailer outlets on distributing products in Morogoro.

Similarly Ganesan (1994) found out that trust leads retail buyers and sellers to the focus on long-term benefits of the relationship and eventually enhance the performance outcomes in buyer-supplier relationships, including firm competitiveness and transaction costs reduction Doney and Cannon (1997) indicated that trust influences long-term relationships, while Morgan and Hunt (1994) found trust has the strongest effect on achieving cooperation in relationship.

4.5.2 Communication

Communication is part of aspects that can positively influence effective management of retailer outlets. From this perspective the study intended to examine the relationship between Communication and customer decision to buy Coca-Cola products in Morogoro. Results are provided in Table13.

Table 13: The Relationship between Communication and management of retailer outlets

Responses	Frequency	Percentages (%)
Excellent	5	5.4
Very Good	19	21
Good	31	33.3
Neutral	14	15.2
Average	23	25.1
Total	92	100

Source: Field Data (2013)

From Table 13 It was revealed that Communication is part of aspects that can positively influence effective management of retailer outlets 5.4% agreed that Communication can positively influence effective management of retailer outlets, 21% said it had a very good relationship, 33.3% agreed that it can positively influence effective management of retailer outlets. While at the same time 15.2% remained undecided and 25.1% had average relationship. Majority of respondents agreed that can positively influence effective management of retailer outlets who distribute/sale coca cola products in Morogoro.

During the administration of this study it was revealed that among ways that are used by Coca-Cola Company in managing retailer outlets was through regular communication as Anderson and Narus (1990) define communication as “the formal as well as informal sharing of meaningful and timely information between firms.” Cannon and Perrault (1999) suggest more open sharing of information is indicated by the willingness of both parties to share important information.

It should be noted that effective communication in channel relationships can enhance levels of channel member coordination, satisfaction, commitment levels, and performance. In soft drink industry, frequent communication between retailers and suppliers can expedite quick and accurate response to volatile market, and reduce the costs and impact of inaccurate forecasts. With the presence of trust and support, channel members are more willing to pass information upward and promote bidirectional communication (Fisher et al. 1994) consequently; it will help better match supply with demand and increase profitability for channel members.

4.5.3 Power of Coca Cola Kwanza Limited in Managing Retailer Outlets

The study sought to investigate the power that Coca-Cola Kwanza Limited has and how it is effective in managing distribution channels especially when it comes on management of retailer outlets. Below are some of the parameters that were investigated

Table 14: Distribution Channel used by Coca-Cola Kwanza Limited in Managing Retailer outlets

Retailer outlets performance in Morogoro is affected by direct and Indirect distribution channel Coca Cola Kwanza Limited	67%
Coca Cola Kwanza Limited use of direct distribution channel results in retailer attributing higher performance	57%
The use of indirect affects marketing channel member performance.	43%
The use of non-aggressive power influences the distributors' satisfaction with the relationship with Coca Cola Kwanza.	41%
Rewards (non-coercive power) influence high performance	71%

Based on the available findings in Table 14 above the variable studied such as the first one which stated that retailer outlets performance in Morogoro is affected by direct and indirect distribution channel Coca-Cola Kwanza Limited ranked 67%, which implies that the statement is true. Coca-Cola Kwanza Limited use of direct distribution channel results in retailer attributing higher performance ranked 57% although it was revealed that in most cases Coca-Cola use indirect distribution channel, this means that in some circumstances Coca-Cola uses direct channels to certain customers especially in big hotels. The use of indirect affects marketing channel member performance ranked 43% and it was revealed that Coca-Cola usually employs indirect distribution channels in managing retailer outlets in Morogoro.

Analysis on the variable which stated that the use of non-aggressive power influences the distributors' satisfaction with the relationship with Coca-Cola Kwanza ranked 41% was the lowest in the list of variables that were studied as it ranked 41% and the next variable was rewards (non-coercive power) influence high performance which ranked 71% based on this findings it indicates that coercive power has little influence in managing retailer outlets in Morogoro compared to the use of coercive power. Based on the findings discussed above, the coercive power and non-coercive power exercised by Coca-Cola Kwanza and local suppliers in Morogoro has negative impact on retail supply chain performance.

CHAPTER FIVE

DISCUSSION, SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This involves; discussion of the findings as presented in the previous chapter, a summary in order to establish the role of e-procurement on purchasing in supply chain management and to make possible recommendations and suggestions.

5.1 Summary of Findings

The study examined Effectiveness of channels of distribution models in the Sales performance of an organization, taking the case of Coca-Cola Morogoro Region. The specific objectives included to assess the extent in which increased Coverage distribution channels as one the four element of marketing mix influence availability of Coke Products, to evaluate on how Customer characteristics influence different types of distribution channels, to asses distribution channels being used by competitors with that of Coca-Cola in Morogoro and to asses distribution channel adopted by Coca-Cola Kwanza Ltd both direct and indirect Morogoro Depot and Control of the retail outlets.

The research design used was case study strategy whereby a single unit was selected data collection methods includes interviews, questionnaires, observation and documentary review. Data were analyzed through Statistical Package of Social Science. Findings revealed that distribution channel adopted by Coca-Cola ensures availability of her products, reduce response time and makes information available to her customer in aspect it facilitates positive relationship with her customers and agents. It was also found out that selection of agents/Distributors was based on financial capability, size of firm among others.

It was found out that majority of the respondents agreed that distribution channel system adopted by Coca-Cola Company guarantees supply of her customers requirements.

The distribution channel adopted by Coca-Cola has impact on business performance of an organization hence leading to profit as its easy for the Coca-Cola Company to control quality yet it's an aspect that determines the sales hence profits. The study established that distribution channel simplifies the buying process of Coca-Cola products among customers in Morogoro region.

The findings also manifested that distribution channel for saving as it minimize costs, many respondents agree that the system eliminates distribution costs. The study revealed that distribution channel process provides timely information about goods and services available. A large number of respondents agree that distribution channel provides timely information about goods and services available.

The findings revealed that distribution channel has eased the buying process of Coca-Cola products; it was also revealed that the most critical/major objective of distribution channel is to shorten the response time to customers demand and reduce inventory investment; consumers can compare products features and prices by mare look at them and make requisitions. Distribution channel between Coca-Cola and buyers ensures effective and speed reply across multiple zones.

5.2 Conclusion

In reference to the research objectives set, the researcher concludes that channel of distribution plays a positive role on supply of Coca-Cola Company Limited products. Distribution Channel plays a very important role especially with respect to the soft drink industry because if the product is not available on time consumes will switch on to other brands and the company will lose its market share and hence an effective distribution channel is the need of this industry. The distribution channel of Coca-Cola Company is effective. Coca-Cola Company kwanza have enjoyed its benefits like easing processes, increasing the supply chain awareness, reducing total costs on distribution of her products.

However despites the many benefits that accrue from the application of channel of distribution, the direct network links between Coca-Cola Company Limited and trading partners are not widely used because Coca-Cola Company Limited uses much selling point rather than distributing direct to the retail sellers.

In "make demand" situations, intermediaries and their personnel play a vital role in generating sales for Coca-Cola products. The capabilities of agents/distributors in marketing and selling Coca cola products impact end-customer behavior. As a result, Coca-Cola must (1) transfer certain knowledge to agents on product features and benefits, brand meaning, value propositions, customer and competitor characteristics, marketing best practices, and personal selling and (2) encourage agents' personnel to process and integrate such knowledge to enhance their capabilities. Relationship building will be vital in the attempt to ensure that transfer and integration of knowledge among channel members works effectively. In this channel context, the domain of channel management is quite broad.

The importance of distribution functions within the channel management is high. Coca-Cola conditions suggest that the role of agents is to make demand, leading to knowledge sharing focused on developing selling points capabilities that facilitate this general goal. For Coca-Cola her brands at the high-end and possess a superior market position, regularly introduce new products to the market, and exhibit a market-oriented culture and face high environmental uncertainty, due to the existence of many competitors such as Pepsi products, Bakhresa (AZAM) among others the importance of channel of distribution functions cannot be underestimated.

According to this study, knowledge transfer and integration among channel members focuses on supply chain management more than anything else. "Meet demand" channel contexts are of relevance. In industries where products tend to be undifferentiated and intensely distributed, products are non-complex along with homogeneous markets and significant end-customer expertise, product lines are extensive, and firm financial performance is constrained, knowledge sharing on physical distribution functions among channel members should pre-dominate, leading to high importance of physical distribution functions within channel management. For suppliers that position their brands near the "low-end" with a weak overall market position, infrequently introduce new products to the market, exhibit a weak market orientation and face environmental uncertainty at low to moderate levels, the importance of physical distribution functions with channel management should be high.

5.3 Recommendations

Below are practical recommendations that will yield substantial results in boosting the role played by distribution channel. Managers should seek to adopt the most appropriate model that will aid Coca-Cola Company to achieve its objectives. Distribution channel can be used by both manufacturing and processing firms as it aims at reducing operational costs. Distribution channel should be geared at strengthening relationships between Coca-Cola Company and customers.

1. The benefits that accrue from distribution channel should be adequately analyzed. That is the Coca-Cola Company's management should be in position to continuously weigh the benefits that accrue from application of distribution channel.
2. Coca-Cola Company's management should ensure strict adherence to the company's policies and guideline regarding the application distribution channel. That is the responsible persons should execute their duties following the pre requisites in place.

3. Coca-Cola Company should ensure aggressive Marketing, regular visit to distributors, sales promotion and advertising to be made more frequent for brand building. Communications should be improved. Fulfill the demand of product by customers as it was found out that some sales persons work independently and away from the office.

4. Coca-Cola Company should be implementing the customer's suggestions and complaints about products, service policies, price changes, advertising companies etc. Coca-Cola Company should gather information of competitor's activities. Transportation saves time on delivering product. It determines the company's customer service; it has also impact on the other elements of physical distribution and marketing.

5.4 Areas for Future Research

This study focused on distribution channel as used by Coca-Cola. It would be of interest to investigate the perspective of agents/distributors and pursue further research in the forth coming years.

- Another research area that would be of interest is to investigate how agents/distributors end users of Coca-Cola Products, such as retailers.
- Furthermore, the research area of this thesis is within the consumer market. It would be highly interesting to pursue the same research but within the industrial market.
- Another highly interesting research area would be to investigate new technology distribution channels such as, compared to this study that investigated traditional distribution channels.
- Finally, I would find it interesting to pursue the same study but use other companies to gather information on, in order to find out if someone can end up in the same findings and conclusions as I had in this study

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QUESTIONNAIRE

THERE CAN BE TWO TYPES OF QUESTIONNAIRE.

QUESTIONNAIRE FOR WHOLE SELLERS:

Name: .... Age: ....

Area: .... Years in the Business:. ....

Date......................................

Q1. Which Coca-Cola cold drink brand sells the most?

Q2. What type of package cold drinks sells the most?

(a) 300ml bottle (b) 600 ml pet bottle (c) .1.5L family pack (d) Others ( )

Q3. What is the replacement time on an average?

(a) Within 2-3 days (b) Weekly (c) 15 days (d) . Monthly ( )

Q4. How many times you lose sales in case of non availability in a day?

(a) 2-5 times (b) 5-10 times (c) More than 10 ( )

Q6. Do customers ask specifically coke or any other brand?

Yes / No……………………..

Q7. What is the margin on the cost price that you earn on a bottle/crate??

(a) 5-10% (b) 10-15% (c) 15-20% (d) 20-25% ( )

Q8. What is the cost price of a bottle/crate??...

Q9. What incentives do you get from the company for selling large quantities??

(a) Cash Incentives (b) Other Please specify..................................

Q10. How many bottles break in a crate on an average??

(a) 1-2 (b) . 3-4 (c) More than 5 ( )

Q11. What happens to the bottles that are broken?

(a) Company takes it back (b) Sells it to Kabariwala (c) Other (   )

Q12. Who bears the loss of the broken bottles?

(a) Retailer (b) Company (c) Sharing between Retailer and Company (   )

Q13.How much do the sales increase in peak season?

(a) Double (b) 3 times (c) 4 times (d) 5 times (e) Higher (   )

Q14. Is the supply sufficient to meet demands in peak season?

Yes No………………………………

Q15. What extra does company does in peak sale season?

(a) Increase in stocks (b). More frequent replacements (c) Others (   )

Q16. Does any company representative comes and meet you?

Yes No…………………………………

Q17. If yes then how frequently do they come?

(a) Weekly (b). Monthly (c) In 6months (d). Yearly (f). Never

Q18. Is there any complaint/feedback mechanism?

Yes No……………………………………………

Q19. Do you have any complaints/feedback towards the company? ....

QUESTIONNAIRE FOR COMPANY REPRESENTATIVES:

Name: .... Age: ....

Designation: .... Date...............................

Q1. Which Coca-Cola cold drink brand has the maximum sales?

(a) Coke (b) Diet coke (c) Sprite (d) Sprite (e). Fanta (f). Tangawizi (g) Others ( )

Q2. Which type of packing sells the most?

(a) 300ml bottle (b) 600 ml pet bottle (c) 1.5L family pack (d). Others ( )

Q3. What is the annual supply of cold drinks? ....

Q5. What is the seasonal effect on the sales and what does company do to tackle the problem?..

Q6. What percentage of bottling is done by the company vis-a vis subsidiaries?

(a) Company…….. (b). Subsidiaries………………

Q8. What is the revenue sharing model that the company adopts with the bottling plants owned by franchisees? ....

Q9. What incentives that the company fives to distributors and large retailers?

…………………………………………………………………………………………

Q10. What is the margin given to the following on an average?

Distributors……………………………………………………………………………..

Retailers…………………………………………………………………………………

Q11. What happens to the bottles that break during transportation?

(a) Company takes it back (b). Sells it to Industry (c). Other ( )

Q12. Who bears the loss of the broken bottles? ....

…………………………………………………………………………………………

Q13.How much does the sales increase in peak season? ……………………………….

…………………………………………………………………………………………..

Q14. What does company do to meet the demands in peak season?

…………………………………………………………………………………………

Q15. Is there any complaint/feedback mechanism for the distributor and retailers?

Yes / No ……………………………………