# SALES AND DISTRIBUTION NETWORKS OF FAST MOVING CONSUMER GOODS (FMCGs) COMPANIES IN GHANA. A CASE STUDY OF SELECTED COMPANIES IN THE KUMASI METROPOLIS.

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## DECLARATION

I hereby declare that this submission is my own work towards the Masters of Business Administration and that, to the best of my knowledge, it contains no material previously published by another person or material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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## DEDICATION

This research is dedicated to my entire family. A special feeling of gratitude to my loving wife, Charity Darko Mensah whose words of encouragement and push for tenacity rings in my ears.

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## ABSTRACT

Companies reach consumers mostly through their distribution network which is consisted by distributors, wholesalers, retailers and FMCGs companies are not exceptions. The nature of the goods sold by these companies demands even more a critical attention to the sales and distribution network. The general objective of the study was to assess the sales and distribution networks of Fast Moving Consumer Goods (FMCGs) companies in the Kumasi metropolis. The study used the convenience and purposive sampling approach to select channel members and management respectively. The research dealt with total channel members' population of 20,023 (without accounting for double counting). A sample of 593 was therefore picked for the purpose of the study. The main data collection instruments used by the researcher were structured questionnaires and interviews which were administered to the channel members and management of the selected FMCGs companies respectively. The data collected was analysed into descriptive statistics. The results showed that the management of the FMCGs has put in measures to ensure

competitiveness by tracking product availability through each channel and also measure competitiveness by comparing target sales output to actual sales output although they are faced with challenges such as influx of fake products and low commitment from salesmen. The researcher therefore recommends that government agencies should collaborate with FMCGs to clamp down on fake products that infiltrate the genuine ones and also trade discounts that entice channel members should be reviewed upwards periodically to sustain the commitment of the actors in the network of the FMCGs.

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# CHAPTER ONE

# INTRODUCTION

## 1.1 Background of Study

Production is the creation of goods and services and these goods and services can be produced in factories or industries and stored in warehouses. However, production cannot to be said to be complete until the products/services get to end user or consumer. This can be obtained through the distribution process and that completes the production cycle. One of the components of marketing mix is the task of transferring product from the production place to the purchase place for the customer, thus the main task of distribution management is placing the goods in the hands of potential customers at the right time and place (Roosta et al. 2009). Distribution channels can be described by the number of channels involves. A layer of intermediaries that perform some work in bringing the product and its ownership closer to the buyer is channel level (Kotler, 2004).

Distribution encompasses a system of all activities that are related to the transfer of economic goods between manufacturers and consumers. It includes such a coordinated preparation of manufactured goods according to their type and volume, space and time, so that supply deadlines can be met (order fulfillment) or estimated demand can be efficiently satisfied when producing for an anonymous market (Domschke & Schield, 2010). Distribution systems are divided into two main categories which are acquisition distribution system and logistic or physical distribution system. Whilst logistic distribution system is focused on bridging the space and time by transportation and storage, as well as order processing and shipment, supply logistics relates to the movement of materials (Specht, 2011).

The concept of distribution network is used to describe the creation of value in distribution channels through the co-ordinated activity of different actors. In a distribution network, a confederation of specialists co-organise distribution activities and use shared resources to achieve common goals (Anderson et al., 2007). Distribution or marketing channels are therefore systems of mutually dependent organizations included in the process of making goods or services available for use or consumption. Moreover, a marketing channel is the external contractual organization that management operates to achieve its distribution objectives (Rosenbloom, 2004).

Distribution is among the most critical and problematic marketing issues for firms seeking to establish themselves in competitive markets where institutional voids can seriously affect the effectiveness of distribution strategies (Arnold & Quelch, 2008). For example, issues such as the delivery costs can cause unwanted delays and the lack of modern distribution facilities can make distribution less effective (Khanna et al., 2005).

## 1.2 Problem Statement

The activities of consumer goods companies with great diversity of customers spread over vast geographical areas thus must integrate the systems components of distribution to achieve an acceptable customer service level and avoid reduction of market share (Bowersox, 2008).This therefore explains the problem of getting the right quantity of the right product to the right place at the right time and at the least cost possible. This challenge has confronted companies with issues such as meeting delivery due dates and operating an efficient distribution network. Geographically imposed gaps between firms and their potential consumers is bridged by distribution, as physical distribution uses its transportation function to provide time and space utility between these two parties (Bowersox & Closs, 2010). The continuous increase in the cost of transportation due to poor nature of our roads, high cost of vehicles and spare parts and currently ever increasing cost of petroleum products poses a serious problem to an effective coverage of territories in the distribution both in rural and urban areas in most countries. Distribution is becoming a more imperative issue in company accounts as the cost of transportation, warehousing and stockholding are growing relative to the costs of other industrial inputs. Marketing efforts, such as the extension of product lines and penetration of new marketing channels into new markets, were imposing increasing strain on distribution systems, making them more complex to manage and more expensive to operate (McKinnon, 2009).

In the emergence of these marginal problems, there is the fact that there are so many brands of consumer goods in the market from which the consumer has to choose from with little or no attention to difference among them in terms of quality and other characteristics. The consumer goods market which is characterized by low brand loyalty has made the market as highly volatile which is driven by availability and price rather than marketing efforts and quality (Cooper & Johnstone, 2000). It then discloses that there is a need for the consumer goods companies to manage the physical distribution system and engage in proper manipulation of other functional trade-offs in the system in order to breakeven in the present day competitive consumer goods market.

One of the major challenges of marketing directors, and producers is how to transfer to the target markets for manufactured goods. Decisions about the way to transfer the goods to the place of purchase or consumer are such major decisions of marketing managers. These decisions will determine what part of the duties related to the sale of goods shall be transferred to the intermediaries and how manufacturers lost part of surveillance and control over their products (Sabkara, 2008). It is at the backdrop of these challenges that this study is being undertaken to evaluate the sales and distribution networks of the selected companies in Ghana.

## 1.3 Objectives of the Study

The general objective or primary aim of the study is to assess the sales and distribution network of Fast Moving Consumer Goods in the Kumasi Metropolis among some selected companies. The specific objectives of the study are stated below:

1. To ascertain the effectiveness of the distribution network of the selected FMCGs companies in the Kumasi metropolis.
2. To assess the similarities of the distribution network of the FMCGs companies in the Kumasi metropolis.
3. To examine the role of actors and players in the distribution network of the FMCGs companies in the Kumasi metropolis.
4. To analyze the challenges facing the distribution network of the FMCGs companies in the Kumasi metropolis.

## 1.4 Research Questions

The study asked questions in order to assess the sales and distribution network of Fast Moving Consumer Goods in the Kumasi Metropolis among some selected companies. The specific questions of the study therefore are:

1. What is the effectiveness of the distribution network of the selected FMCGs companies in the Kumasi metropolis?
2. What are the similarities of the distribution network of the FMCGs companies in the Kumasi metropolis?
3. What is the role of the actors and players in the distribution network of the FMCGs companies in the Kumasi metropolis?
4. What are the challenges facing the distribution network of the FMCGs companies in the Kumasi metropolis?

## 1.5 Significance of the Study

This study will be of immense help to key stakeholders who are directly or indirectly involved in the area of FMCGs distribution network.

The study will be beneficial to management, staff and other channel members of FMCGs operating in the Ghanaian market.

It will aid policy formulators to propose policies that will safeguard and protect the interest of actors in the FMCGs network.

To regulators in the industry, it will help them monitor the activities of the actors and players in the chain and the companies as well as to ensure that their dealings are in line with accepted standards.

For foreign investors, it will enlighten them on the availability and effectiveness of distribution channels which enable them take informed decisions about investment in the field of FMCGs.

Finally, the study will serve as a reference point for students, researchers, teachers, consultants and academicians who intend conducting future studies into this area.

### 1.6 Scope of the study

This study assessed the sales and distribution network of fast moving consumer goods companies in Ghana using some selected companies as case studies**.** The study was therefore limited to those FMCGs companies operating in Kumasi Metropolis, thus the study was limited to the geographic area of the Kumasi Metropolis in the Ashanti region of Ghana.

### 1.7 Overview of Methodology

The research took the form of a case study of sales and distribution network of fast moving consumer goods companies in Ghana using some selected companies in Kumasi as case study. The study conducted an in-depth and holistic investigation into the activities of the channels members and the producing companies. The population was therefore made up of management of the companies and all the channel members (distributors, wholesalers and retailers) in the distribution network of the FMCGs companies in the Kumasi metropolis which were used for the study. The population was therefore 20023 out of which a sample of 593 was selected. The researcher used structured questionnaires and interview as main data collection instruments. The researcher adopted the convenience sampling with the use of structured questionnaires to solicit the views of the channel members and also adopted purposive sampling method with the help of interview to solicit the views of management of the FMCGs companies selected. The data retrieved was analyzed quantitatively using descriptive statistics.

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**1.8 Limitation Of The Sudy**

The study is limited by its sampling of channel members in the distribution network. This is because the problem of double counting was practically difficult to be eliminated in determining the “unique” population of the retailers, wholesalers and distributors. This is because most channel members sell (or operate) for all the five competing FMCGs companies used for the study. This limitation was however minimized by ensuring that every channel member sampled represented only one of the FMCGs companies used for the study.

**1.9 Organization Of The Study**

The research is organized into five (5) chapters; the First Chapter encompasses the background of the research, statement of the problem, the objectives of the research, research questions, significance of the research, brief methodology, limitations of the study, and organization of the study. Chapter Two consists of extensive reviews of the works of some authors pertaining to the study, with focus on the objectives of the research as stated in chapter one. The Third chapter outlines the methodology for the research. It looks at the research design, the research population, and the sampling methods used, data collection and analysis procedures and also the profile of the selected banks. Chapter Four reveals findings arrived at after the data has been analysed.

The final, which is Chapter Five, gives a summary of findings, conclusions and recommendations deemed necessary.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Introduction

This chapter reviewed related literature on assessing the sales and distribution network of Fast Moving Consumer Goods (FMCGs) in the Kumasi metropolis using some selected companies. Some of the areas around which literature was reviewed are: Overview of Distribution Network, Effectiveness of Distribution Network, Information Technologies in distribution channels, Distribution Strategy, Actors and players in Distribution Network, Distribution Policy, Designing an effective Distribution Network, Fast Moving Consumer Goods, Challenges of distribution network and finally Empirical Evidence of distribution network of FMCGs.

## 2.2 Overview of Distribution Network

The term distribution channels is sometimes replaced by the term marketing channel because the intermediaries include not only those who participate in the physical flow of a product from the manufacturer to the end user, but also those that have a role in the transfer of product ownership, as well as other intermediary institutions that participate in the value distribution from production to consumption. Therefore, it is assumed that there are three types of marketing channels which are communication channels, distribution channels and service channels (Kotler and Keller, 2008). Channels of distribution therefore provide downstream value by bringing finished products to end users. This flow may involve the physical movement of the product or simply the transfer of title to it (Ostrow, 2009). Similarly, distribution channel is defined as one or more companies or individuals who participate in the flow of goods and services from the manufacturer to the final user or consumer (Hill, 2010).

Nevertheless, other types of flows should not be neglected in distribution channels since distribution consists of one or more companies or individuals who participate in the flow of goods, services, information, and finances from the producer to the final user or consumer (Coyle et al. 2013). These therefore are various routes that products or services use after their production until they are purchased and used by end users (Kotler et al. 2006).

A distribution channel is a method of getting a product to its consumer (Keller, 2008). These channels are part of a company's marketing mix, each business' unique combination of product, price, promotion, and place (Clow, 2007). Distribution affects the place or path through which consumers can buy and receive the product. A channel of distribution may be an on-site store, a virtual store, a retailer, a wholesaler, an agent, a telemarketer, or direct mail. Product distribution (or place) is one of the four elements of the marketing mix. 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. The other three parts of the marketing mix are product, pricing and promotion (Bikram, 2013).

In addition, distribution systems in the fastest-developing areas can develop and reconfigure quickly while those in less developed, often rural areas, do not evolve at all (Hounhouigan et al. 2014). The traditional operational definition of a distribution network is a firm's ability to structure, manage and exert control over its distribution channels and partners (Alon et al., 2012). This definition envisions the management of business relationships within a distribution channel as a conflict in which the channel leader struggles to control its distribution partners and to minimise the level of uncertainty in its business relationships. A different view of distribution which focuses more on co-operation and control issues emerges in the work of scholars who have adopted a network perspective or intend to study business relationships more in depth (Khojastehpour & Johns, 2014).

According to Gadde (2010), a distribution network has three main dimensions which are actors, activities and resources. The actors dimension refers to entities (producers/manufacturers, exporters, distributors and agents) that contribute to value creation in the distribution process. The activities dimension consists of the coordinated actions carried out by the actors (such as order fulfillment, sales, inventory management and post-sales), and finally the resources dimension refers to the bundle of resources and capabilities on which the actors rely to carry out the distribution activities (Jensen, 2010). Distribution of products takes place by means of channels. Channels are sets of interdependent organizations called intermediaries involved in making the product available for consumption. Merchants are intermediaries that buy and resell products. Agents and brokers are intermediaries that act on behalf of the producer but do not take title to the products (Aaker, 2009).

Distribution is also a very important component of Logistics & Supply chain management (Brady, 2007). Distribution in supply chain management refers to the distribution of a good from one business to another. It can be factory to supplier, supplier to retailer, or retailer to end customer. It is defined as a chain of intermediaries; each passing the product down the chain to the next organization, before it finally reaches the consumer or end-user. This process is known as the

'distribution chain' or the 'channel.' Each of the elements in these chains will have their own specific needs, which the producer must take into account, along with those of the all-important end-user. Distribution encompasses all the outbound logistics employed by companies in distributing the final product and/or service to the customers. Distribution involves establishing national and regional distribution channels, determining terms of sales and promotional responsibilities, outbound logistics and warehouse management (Balmer, 2008).

### 2.3 Effectiveness of Distribution Network

The route along which goods and services travel from producer/manufacturer through marketing intermediaries (such as wholesalers, distributors, and retailers) to the final user is generally referred to as channel of distribution. Channels of distribution provide downstream value by bringing finished products to end users. This flow may involve the physical movement of the product or simply the transfer of title to it. Also known as a distribution network, a distribution chain, a distribution pipeline, a supply chain, a marketing channel, a market channel, and a trade channel (Ostrow, 2009).

#### 2.3.1 External Factors that affect the effectiveness of distribution networks

According to authors Jobber & Lancaster (2009), an efficient way to determine the right distribution channel for the company is to consider seven influencing factors, which are market, product, channel costs, profit potential, channel structure and product lifecycle, as well as non-marketing factors.

#### 2.3.1.1 Market

The right choice of distribution channel will insure that product is available for majority of potential customers. The choice of distribution channel is affected by the way similar products that already exist in the market are distributed. Usually the new coming products already have expected place in a market and changing it would confuse the potential customers. Therefore careful analysis of market and finding out expectations of potential customers are crucial before deciding on distribution channel
(Jobber & Lancaster 2009).

One of the most important factors to determine when analyzing the potential market is the location where customers would expect the products to be. For certain products it is better to stick to traditional distribution channel than to try new ways of distribution, as customers might have certain expectations about where the product could and should be purchased. For instance, if products are targeted for tourists, company should choose a location which is attractive and a commonly visited place, preferably in city center or old town.

#### 2.3.1.2 Product

Product itself plays an important role when company chooses their distribution channel. The channel must suit the product well and consider all its attributes, such as size, technology, complexity and flexibility. Longer distribution channels fit perfectly for simple and low-cost products, whereas larger industrial products are sold through short channels, directly to end user. (Jobber & Lancaster, 2009).

#### 2.3.1.3 Product life-cycle

It is important to know where exactly product stands in its life cycle. Different stages of product life cycle may require different ways of distribution. For example, when product has passed its introduction stage and reaches its growth stage, companies will consider expanding their distribution strategy to reach more customers (Jobber & Lancaster, 2009).

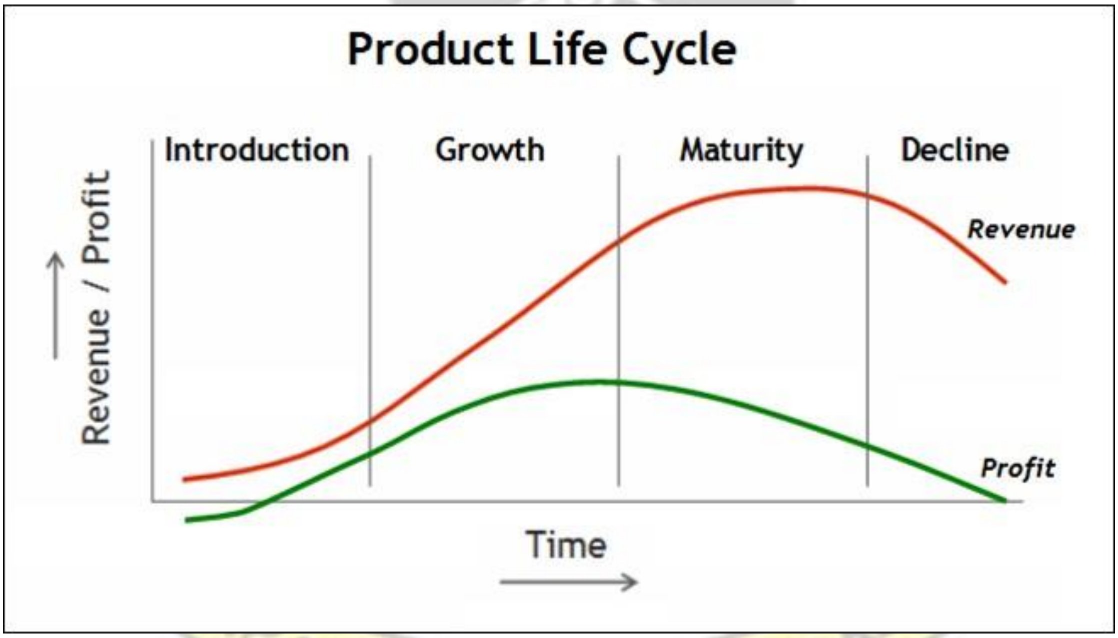


**Figure 2.1 Product Life Cycle**

Source: Jobber and Lancaster (2009)

The figure reflects the lifestyle curve for majority of products and shows how sales and profits change in different stages of the curve. Sales start growing rapidly in product growth stage and company is the most profitable in maturity stage. When product is still at its introduction stage, company usually experience financial deficit and loss instead of profits, as product is not yet familiar in market which means that company has to invest heavily on promotion and advertising in order to win their customers (Jobber & Lancaster, 2009).

The product life cycle theory has its downsides, as it cannot be assumed that all products go through the same cycle. Customer preferences might change backwards and there is a possibility to revive the product when it reaches decline stage. Therefore, product life cycle theory can be used to measure company's current situation, but cannot always be applied when predicting where the product and company will stand in future (Blythe, 2008). Sometimes product life cycle theory proves too difficult and unreliable to determine products current situation in the market and make decisions regarding e.g. future distribution strategies.

#### 2.3.1.4 Channel Costs

Each distribution channel has their own costs, depending on the length of channel and activities within the channel. Different activities are performed by different actors, as for example, direct sales requires manufacturer to do the entire job, whereas selling through the retailers means that tasks within the channel are shared among manufacturer and retailer (Jobber & Lancaster 2009). Channel costs include costs of goods, such as production and raw materials, and costs of doing business, such as transportation, storage, maintenance of premises, wages for sales people, marketing, packaging, delivery service, etc. Gross margin is the difference between product costs and its final price.

#### 2.3.1.5 Profit Potential

The costs of channel and profits from products should be well balanced to avoid the channel costs being higher than the actual revenue gained from products (Jobber & Lancaster, 2009). Accordingly, the distribution costs for one product should be approximately one quarter of product's price (Zikmund & d'Amico, 2011). The company must know their profit expectations and production capacity. After evaluating the amount of products that can be made in certain period of time, production costs and setting optimal price, company can then compare the channel costs and make sure it stays on profitable side.

#### 2.3.1.6 Channel Structure

When choosing the channel structure for company's goods, the traditional channel structure for similar products should be considered. If there is a strong traditional channel system established, it will be challenging to choose something significantly different. For example, a milk producer will usually choose food retailers for distributing their products, and would avoid selling milk on internet, as it would appear challenging to distribute fresh product to customers, due to short expiration of dairy products (Jobber & Lancaster, 2009). Companies use push and pull strategies to convince intermediaries to bring their products to customers. Push strategy means that company has to invest heavily on advertising and promotion to "push" their product through the channel, whereas pull strategy works for already known manufacturers who can convince the retailer or wholesaler that their product is better than those already existing in market and that there is a high demand for it (Jobber & Lancaster, 2009).

#### 2.3.1.7 Non-marketing factors

Non-marketing factors describe other influencing forces to picking the right channel, such as company's financial situation. In some cases, company will have to choose more affordable way to distribute, even though the product itself would be more suitable for different distribution channel (Jobber & Lancaster 2009). For example if the most suitable channel for product goes against profit potential strategy, there is no sense for company to implement this channel same time having huge losses in their finances.

**2.3.2 External factors that affect the effectiveness of distribution networks** External influences are forces that shape company's opportunities and threats in the business. These influences cannot be controlled by company and affects, promotes or limits the way company can operate in the market. The six influential forces in company's macro environment according to (Kotler et al. 2008) are; demographic forces, economic forces, natural forces, technological forces, political forces and cultural forces.

#### 2.3.2.1 Demographic Forces

Demographic forces are related to people population and are important to consider for future customer potential. Common influences relate to population growth, age structure, changing household, migration and increasing population diversity (Kotler et al. 2008). For example, population ageing issue means that there is a demand for senior-friendly products and services in the market.

#### 2.3.2.2 Economic Forces

Economic forces affect customers buying power and spending patterns, which are closely related to economic situation in the country and customers income level (Kotler et al. 2008). Naturally in countries with bad economies, buying power for the majority of population is limited, and it would affect sales of luxury goods.

#### 2.3.2.3 Natural Forces

The ability of raw materials and production techniques can be affected by natural forces, such as shortage of materials or legislation on environment protection. Natural forces may also have impact on production costs that add up to product price. For example, as oil is still used as an energy source in all industries, the energy costs are high and cannot be compromised until the substitute of oil is developed (Kotler et al. 2008).

#### 2.3.2.4 Technological Environment

Technological environment is developing rapidly, introducing new technological devices to make our lives easier. The main technological force to consider is the rapid growth in its development and the fast change in technology. Companies should consider that the product that is needed now could be useless in several years and experts on nowadays technology could be unemployed in future. With the introduction of Internet, many services were moved online therefore some technologies were no longer required (Kotler et al. 2008).

#### 2.3.2.5 Political Environment

Political environment refers to legislation in the country, such as influencing laws and policies. Most of the marketing activities are subject to certain business regulations companies should be aware of. For example, laws protecting domestic production affect the entry of export goods and services (Kotler et al. 2008).

#### 2.3.2.6 Cultural Forces

Cultural forces are norms, values and beliefs that are accepted by society. These factors affect almost all industries and should be considered in order to gain and maintain customers. For example, trends in music, fashion and socializing can affect the way company promotes their products to customers.

### 2.4 Information Technologies in distribution channels

Information technologies are a pre-condition for the development of information systems, and thus information systems in distribution or marketing channels. Information technologies can play various roles within a distribution chain (Bowersox et al. 2010). They facilitate managerial decision making; they help to monitor and control operations; they enable the initiation of activities and monitoring of process related information, they allow the creation of simulation systems, they allow data storing and processing, they allow data analysis needed for creating useful information, they facilitate the communication among individuals, companies and devices, they allow the development of information systems. The importance of IT in a distribution channel is growing, therefore it is necessary to underline its specific role in it (Sabansua & Alabay, 2010). Some of these roles are; increase in market sensitivity, simplification of distribution systems, the increase in the number of channel types, the increase in the market size, wider use of e-commerce, internationalisation and easier access to global markets and finally change in distribution channels.

Information access is not always a precondition for quality decision-making.
Therefore, there is a distinction between transaction information technologies and analytic information technologies. Transaction IT are concerned with collecting, managing and communicating rough data in a company's supply chain, as well as report compilation and dissemination, which summarise those data. On the other hand, analytic IT estimate planning problems in the supply chain by using descriptive and optimisation models (Shapiro, 2007).

The implementation of information technology in any human venture therefore consists of three knowledge concepts (Ross, 2011): technology automatizes knowledge (the development of machines that automatize production processes, replacing human hands and skills in product manufacturing); technology creates knowledge as automatized functions create new types of information on the performed activities for instance, by automatically sending orders, numerous new pieces of information are gained, which are the result of the performed operation, such as supplier reliability in order fulfilling, precise supply time calculation and others; and finally technology integrates and networks knowledge.

When the demands of these three concepts are summarized, contemporary technologies should become integrative information technologies, i.e. they should enable computer correlation, together with the possibilities provided by automatization and information gathering, which would activate networks of the equal subjects that help people overcome functional barriers and intertwine common and specialised knowledge, as well as explore new business opportunities (Ross, 2011). New integrative information technologies are primarily competing to increase information availability, i.e. which one is able to offer the more accurate item of information in the shortest possible time (Ross, 2011).

**2.5 Distribution Strategy**

The traditional operational definition of a distribution strategy is a firm's ability to structure, manage and exert control over its distribution channels and partners (Alon et al., 2012). This definition envisions the management of business relationships within a distribution channel as a conflict in which the channel leader struggles to control its distribution partners and to minimise the level of uncertainty in its business relationships (Mouzas, 2012). A different view of distribution which focuses more on co-operation and less on governance and control issues emerges in the work of scholars who have adopted a network perspective or intend to study business relationships more in depth (Khojastehpour & Johns, 2014). These researchers frequently use the concept of distribution network to describe the creation of value in distribution channels through the coordinated activity of different actors.

Distribution strategy explains the way products are delivered to end customers (Hooley, et al. 2008). Choosing the right distribution strategy is one of the most important choices for marketing and has serious impact on business' future success. Regardless of what the product or service is, providing it in the right place at the right time and at reasonable cost overweighs all other marketing efforts (Zikmund & d'Amico, 2011). Creating a distribution strategy involves picking the right intermediaries, ensuring that products are shipped quickly in correct quantities and flawless quality and taking care of product delivery within set deadlines (Thompson & Soper 2007). Selecting the distribution channel or channels is the point where manufacturers choose how their products will be sold to their end customers, which is a crucial decision for company to make. Before deciding on distribution strategy, company must know their goals and what they are expecting to achieve by distribution strategy. Distribution objectives can be related to increasing market share, profits or sales volume, or they can also refer to product, e.g. minimizing its shipping costs or making product visible for as many customers as possible. Regardless what the distribution objective is, company must remember the convenience for customers; being able to deliver the product in the place, time and quantity customer prefers and at the minimal possible cost (Solomon et al. 2009).

### 2.5.1 Determining the right distribution channel

Finding the right distribution channel starts with determining factors that will affect distribution channel length, functions and costs, and most importantly their compatibility with product and customers. Selection of distribution strategy starts with choosing the levels in distribution channel (Solomon et al. 2009). According to Hooley et al. (2008), the main decision about distribution strategy is whether to sell directly to customers or use one or more intermediaries. The next crucial decision, after determining the right distribution channel, is for manufacturers to decide on the extent of distribution outlets. Zikmund and d'Amico (2011) separate three types of distribution, based distribution intensity; intensive, selective and exclusive distribution strategies (Zikmund & d'Amico, 2011).

Intensive distribution is strategy that applies to common everyday goods and necessities that require convenient location and should be easy to reach at any time. The producer will use as many distribution outlets as possible and invest heavily in marketing to draw consumers' attention to their brand. Producers are aware that their goods will be easily replaceable and are threatened by similar competitors' products

(Zikmund & d'Amico, 2011).

Selective distribution is compatible for companies that manufacture products with certain image and want to emphasize on brand quality. This means that the products are sold in stores that support brand image, quality and values, and attract certain type of customers. Selective distribution can limit competition to some level and therefore minimize distribution costs (Zikmund & d'Amico, 2011).

Exclusive distribution means that the company gives an exclusive right to sell their products to limited number of retailers (Kotler & Armstrong, 2008). Exclusive distribution gives companies an opportunity to control their brand image and to set their own prices for products. Exclusive distribution is commonly used for luxury goods, such as cars, expensive perfumes and designer clothing lines.

### 2.5.2 Multi- channel distribution systems

Due to the options of various distribution channels and customer segmentation, some companies sell their products through different channels to different customer groups. Multi-channels open up more sales opportunities and give company an advantage to access different customer groups, customizing their sales accordingly. The main disadvantage in multi-channel systems is that they are difficult to control and often can cause conflict between members of different channels. For example, a company selling their products through retailers and same time selling same products through websites and telesales for lower prices will eventually create unfair competition (Kotler et al. 2008). When company uses more than one distribution channel, it is important to meet the needs of each channel and know what customer expectations in each channel are (Thompson & Soper, 2007).

### 2.5.3 Channel activities

Another important factor to consider is how the activities and duties of distribution will be shared in the chosen channel. Company has to consider which tasks that can be done in company and what functions are needed to carry out by other channel members. Distribution involves wide range of functions, such as transportation, inventory, selling, marketing, after sales service, delivery, etc. and company has to consider how to cover them all effectively without compromising sales and yet not over exceeding its own capacity (Kotler et al. 2008).

## 2.6 Similarities of Distribution Networks

When deciding on the best channel options for the company, manufacturers have to choose one or several options that will be realistic to implement. Trying to implement the channel and convincing intermediaries to cooperate is the challenging part in picking a new channel. For this reason, new companies sell in limited markets at the beginning until they gain trust to be able extend their sale channels to more productive ones (Kotler et al. 2008). The criteria that depict the similarities in most distribution networks are analyzing customer needs, setting channel objectives and identifying, and evaluating channel alternatives (Kotler et al. 2008).

### 2.6.1 Analyzing Customers' Needs

Decisions on distribution channel always start with customers and their needs and expectations. Customers' needs for location, level of service, options of delivery and width of product assortment are some of the features company must find out beforehand. Often it is however impossible for company to match all customers' wants and requirements, therefore it is important to evaluate which of them are most important, and to find balance between serving their customers well and yet providing products at reasonable prices (Kotler et al. 2008). It is important for company that is looking for increasing their customer base to find out where the potential customers are and make their products visible for them. Attending different events, such as trade fairs gives company an opportunity to display their products and demonstrate them to gain customers attention and win their interest. The right presentation of the product combined with some small benefits for customer (free samples) and attractive business cards will create brand awareness and is effective starting point for future customer relationships. (Thompson & Soper, 2007)

### 2.6.2 Channel objectives

Channel objectives should be stated accordingly to targeted levels of customer service, defining different customer segments and the best channel options to be used for each segment. Company must set the objectives that suit best for their product, size, environment and competitors. For example, smaller companies may find it impossible to handle everything on their own and therefore need to assign list of tasks to intermediaries. Additionally, also external environmental factors should be considered, as for example in bad financial times customers will go for lower prices and companies are forced to choose most cost-efficient ways of distribution (Kotler et al. 2008).

### 2.6.3 Identifying main channel alternatives

Once the objectives are set, company identifies potential channel options, considering types of intermediaries, number of intermediaries and responsibilities to be shared within the channel (Kotler et al. 2008).

### 2.6.4 Evaluating channel alternatives

After identifying main channel options, company chooses distribution strategy and channel or channels that suit best for their objectives, taking into consideration channel complicity, division of tasks, costs of channel and the ability of channel to reach their targeted customers. It is important for company to choose retailer that share their values to avoid damaging their brand appearance and loosing customers' trust. Company's commitment to corporate social responsibility must not be compromised by a retailer that does not share the same environmental values and therefore create false image of company's brand (Thompson & Soper, 2007).

## 2.7 Actors and players in Distribution Network

One of components of marketing mix that in simplest task transfer the product from the production place to the purchase place to the customer. In other words, the main task of distribution management is placing the goods in hand of potential customers at the right time and place (Roosta et al. 2009). The words of distributor encompass a wide range of different means and refer to different people. There are basically two different types of distributors. At one end of the spectrum, there are general distributors who can provide a variety of different goods in different geographic regions. On the other side, there are specialist distributors that offer information and technology services and applications of handful products (Kotler and Armstrong 2008).

The channel of distribution is a system that helps bring products from manufacturer to final customer (Zikmund & d'Amico 2011). Companies use distribution channels to ensure that their product will reach customers at the right time and convenient location. Distribution channels involve intermediary organizations that help in a process to deliver products to end customers.

Channel level is a layer of intermediaries that are involved in the process to perform channel tasks (Kotler et al. 2008). Figure 2.2 shows three basic distribution channel systems. First channel uses direct distribution method, where products and services are transferred directly from manufacturer to consumer. Both other channels use intermediaries - retailers and wholesalers to bring their products to final customers.

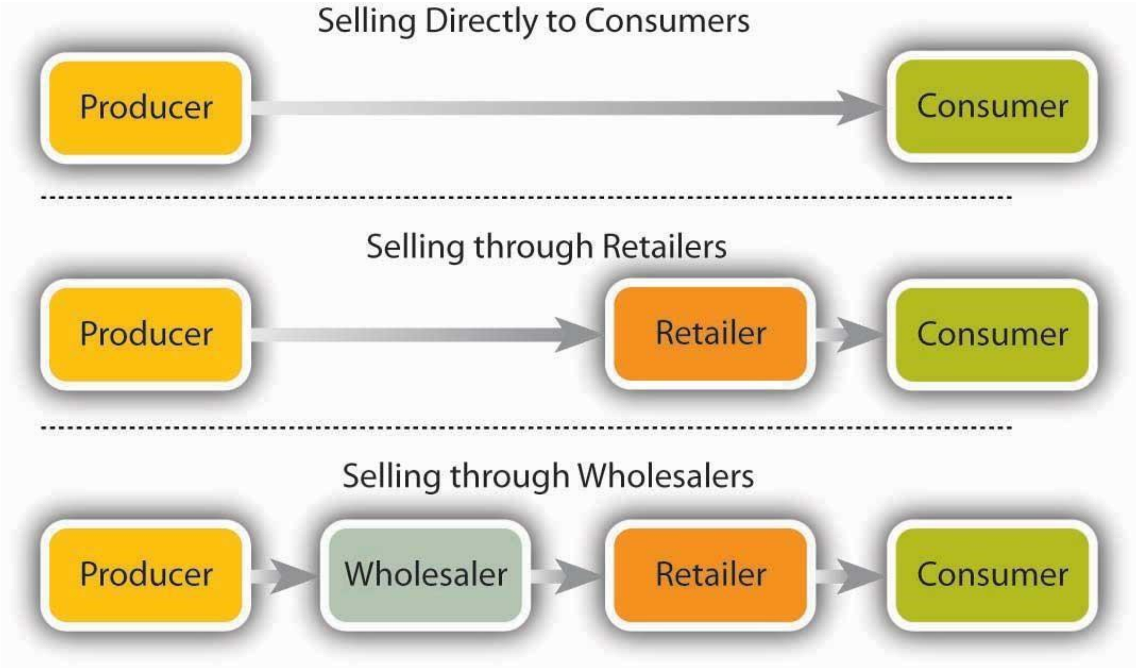


**Figure 2.2 Distribution Channels**

Source: Huang et al. (2007)

### 2.8 Distribution Policy

Normally widespread distribution policy when used by manufacturers shows that the client is in need of instant gratification and not looking for a specific brand. Retailers typically control the extent of conducting the broad distribution policy. For example, items such as toothpaste, products groups of FMCG are like this (Gosili et al. 2006).

#### 2.8.1 Exclusive Distribution Policy

The use of one or a small number of wholesalers or retailers in any geographic area defines the exclusive distribution policy. This distribution system let to manufacturers that control the retail sector. Thus, manufacturers can better determine the retail price and control how to propaganda about it. Also, in this strategy the number of intermediaries are much lower than the two other types, and used more on specialty products such as cars and special clothing, because the loyal customers in this product are ready for long distance travel to achieve the desired product with the utmost interest (Faraji et al. 2011).

### 2.8.2 Selective Distribution Policy

In this way of distribution, retailers are selected to provide the desired product in different areas. The number of intermediary in this manner is lower and is greater than the sole distribution. This distribution strategy is used in appliances and store goods because customers of these goods do not expect these types of such products must find a place in your life (Faraji et al. 2011).

## 2.9 Designing an effective Distribution Network

Desirable distribution channel is a channel that will meet customers' needs and be competitive (Webster et al. 2014). The stages of designing the distribution channel are as follows:

### 2.9.1 Analyze customer service needs

At this stage, the customer needs are analyzed carefully, purchase amount, waiting time, the number of suppliers, diversity of products and expected support services for customers are specified at this stage.

### 2.9.2 Set goals and identify the limits of distribution channels

The goals of distribution channels are determined at this point according to the characteristics of each product. Decision about whether directly or indirectly through the distribution channel at this point is taken. In addition, in this stage the limitations in the distribution system are characterized. The restrictions are competing firms distribution channels and laws and regulations governing.

### 2.9.3 Determine the available options

After consideration of the services requested by customers and distribution channels setting goals, at this stage the available channels in the market should be identified. Types of available intermediaries, the number of required agents, and the conditions and responsibilities of each of the intermediaries can be identified at this stage.

### 2.9.4 Evaluate and select various options

Each of them according to three main criteria of economic controls and compliance with the conditions evaluated and reviewed after determining the applicable distribution channels. Then according to the results of the assessment appropriate channel or distribution channels should be selected.

### 2.9.5 Contract and control

After determination of the distribution channel or channels required, personnel in the selected channel should be determined and educated, motivated and eventually assessed. Since marketing environment and the product life cycle are not fixed, the company should always be ready to change provisions and perform corrective actions on the selected channel.

### 2.9.6 Choice of distribution channel partners

Before selecting channel members, attention should be paid to assess clients' demands of channels. And after the mixed designed channels, the next step is to determine a proper distribution channel, evaluate, select and sign a contract with the best channel partners.

### 2.9.7 Search method

For most products and markets, an important source is references and key customer reviews that distributors work with them in the market and also the use of distributor lists in geographical location on the Internet, EU agencies and other resources (Webster et al. 2014).

## 2.10 Fast Moving Consumer Goods

In many companies worldwide, distribution of Fast Moving Consumer Goods is a major problem that affects realization of increased sales revenue (Kowalczyk, 2007). FMCGs is an acronym for Fast Moving Consumer Goods, which refer to things that we buy from local supermarkets on daily basis, the things that have high turnover and are relatively cheaper. Products which have a quick turnover, and relatively low cost are known as Fast Moving Consumer Goods (FMCG) (Keller, 2008). FMCG products are those that get replaced within a year. Examples of FMCG generally include a wide range of frequently purchased consumer products such as toiletries, soap, cosmetics, tooth cleaning products, shaving products and detergents, as well as other nondurables such as glassware, bulbs, batteries, paper products, and plastic goods. FMCG may also include pharmaceuticals, consumer electronics, packaged food products, soft drinks, tissue paper, and chocolate bars (Walker, 2008).

Although FMCGs companies generate a large volume of sales and money, they are always under pressure as they keep facing a lot of competition from their fellow competitors. Due to this, the FMCGs companies try to do their level best in maintaining a fine balance in their profits and the product price. Thus they keep facing new challenges on their margins month after month (Armstrong, 2007). One of the key factors for a FMCG company to do well is a proper distribution network. If a distribution network of a particular FMCG company is well oiled, then that particular FMCG Company will definitely find the going much easier in the market. But companies have to allot a large chunk of their finances in developing and fine tuning their distribution networks (Kowalczyk, 2007).

**2.11 Challenges of distribution network**

One of the major challenges of marketing directors, and producers is how to transfer manufactured goods to the target markets. Decisions about the way of transfer of goods to the place of purchase or consumer is such major decisions of marketing managers. These decisions will determine what part of the duties related to the sale of goods shall be transferred to the intermediaries and distributors and manufacturer how lost part of surveillance and control over their products. This allows manufacturers to save money and time to fund their main job and gain more revenue (Sabkara, 2008).

Competition involves rivalry between businesses competing to sell similar products in the same target market. Many businesses entities adopt various strategies to counter the threat of competition from business rivals (Porter, 2008). Existence of many FMCGs distributors from different companies creates an intense competition in the market and this makes it difficult for most of the FMCGs companies to distribute a large volume of products in the target market.

Price is the value that will purchase a finite quantity, weight, or other measure of a good or service (McCammon, 2009). Application of ineffective pricing strategies leads to increased cost of FMCG products in the market and this hinders FMCGs companies to distribute their products to all customers in different market segments. Higher prices limits accessibility of the FMCG products by the low and the middle class customers in the market and this limits the FMCGs distribution channel.

Promotion is the advancement of a product idea or point of view through publicity or advertising. Sales promotion involves providing incentives to customers or to the distribution channel to stimulate demand for a product. Sales promotion is normally a short-term activity that targets particular products in retail outlets (Palamountain, 2007). Application of effective product promotion strategies like sales promotion and advertising helps in creating awareness in the market on the existence of the FMCG products, products benefits and features. This helps in expansion of the market share and expansion of the FMCGs distribution channel. Lack of application of effective promotion methods hinders distribution of FMCGs in markets where customers lacks knowledge on the existence and benefits of the FMCG products.

Demand forecasting is the activity of estimating the quantity of a product or service that consumers will purchase. Demand forecasting involves techniques including both informal methods, such as educated guesses, and quantitative methods, such as the use of historical sales data or current data from test markets. Demand forecasting may be used in making pricing decisions, in assessing future capacity requirements, or in making decisions on whether to enter a new market (Zotteri, 2005). Lack application of effective demand forecasting strategies affects ordering of the right inventory quantities and this increases distribution overheads hence leading to higher distribution costs. Demand forecasting problems also leads to products shortages in retail outlets and this affects distribution of products to many customers.

**2.12 Empirical Evidence of distribution network of FMCGs**

A study by Wasonga (2012) on Factors affecting consumer perception of Kenyan manufactured fast moving consumer goods in the East African community found out that different detergents such as Omo, Sunlight, Ariel, Persil and Toss were consumed in the five nations of Kenya, Uganda, Tanzania, Rwanda and Burundi with Omo as the most consumed. Regarding the factors influencing the perception of Kenya manufactured products, a case of laundry detergent products; majority of the respondents indicated that the products were fairly expensive. On the perceived quality of the products, majority of the respondents perceived the products to be of good quality. Regarding the country of origin, most of the respondents agreed that they rather buy laundry products made in Kenya because they could always trust in quality, availability and other attributes. On the risks associated with the products, the study found the respondents disagreed with the statements that the risks of using the products from Kenya was that the products may not work well, that the products may harm them and that they did not like the products from Kenya. The study also found out that the respondents strongly disagreed with the statement that buying Kenyan products will make them lose money and that buying products from Kenya will make their friends laugh at them.

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

A study by Matteo (2008) revealed that existence of many firms in the target market leads to increased competition and this makes it difficult for a single company to effectively distribute its product in the competing market and increase its revenue.

Lehtonen (2009) confirmed that lack of distribution of FMCG product in various market segments by many FMCG firms in Kenya can be attributed to an increase in supply of cheap Chinese FMCG products in the market. Clow (2007) identified that high level of competition in the market that affects distribution of products is influenced by supply of China imported goods, existence of many suppliers, loss of market share to competitors and quality of competitor products. McCammon (2009) established that aspects of price that affects effective distribution of the company products includes; high transportation costs, increased inventory management cost, many middle men in the distribution channel and lack of price adjustments. Schendel (2008) found out that effectiveness of the company promotion campaigns in creating awareness of the company products influences many customers to FMCG from the competing firms with more effective promotion campaigns. A study by Tang (2007) noted that supply of china imported goods, existence of many suppliers loss of market share to competitors and quality of competitor products affects distribution of the locally manufactured fast moving consumer goods.

### 2.13 Conceptual Framework of the study

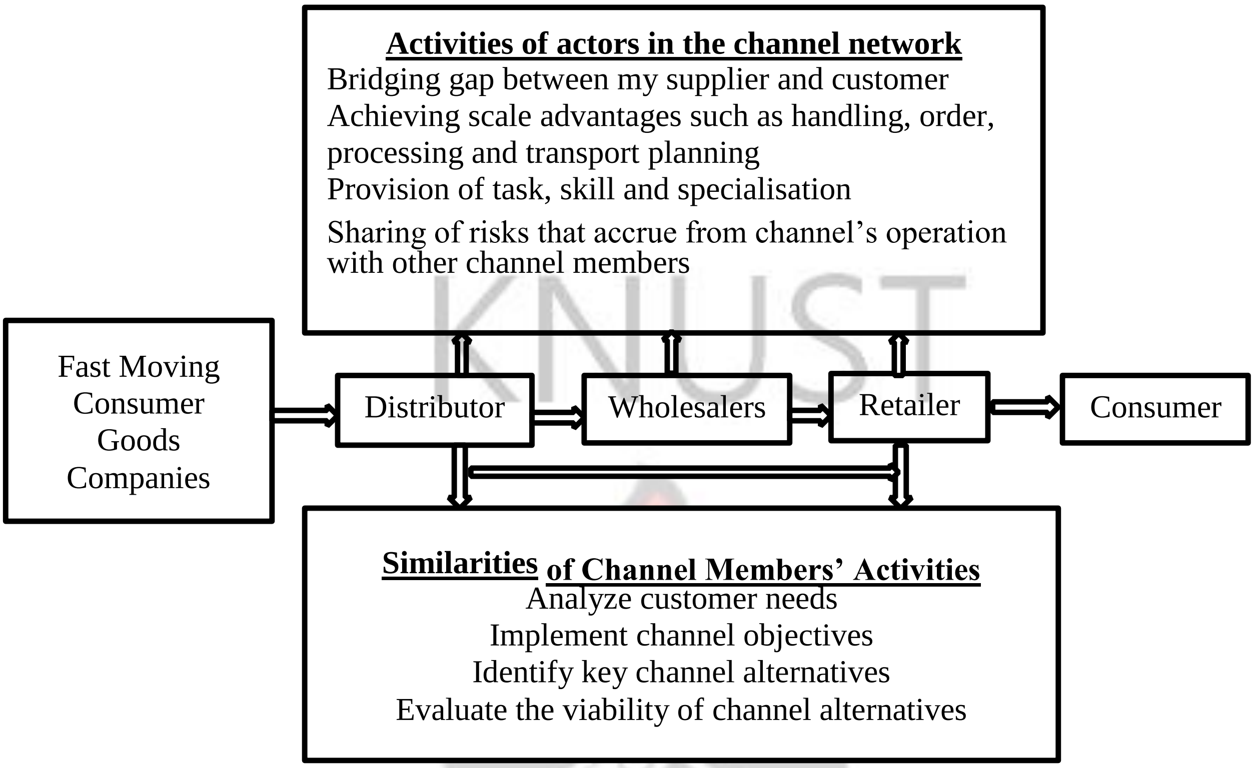


**Figure 2.3 Conceptual Framework**

Source: Researchers' Own Construct, 2016

The framework describes the distribution channels of FMCGs companies and shows the path products pass through to the final consumer. The diagram further explains that notable similarities that occur among the channel members are analysis of customer needs, implementation of channel objectives, identification of key channel alternatives and evaluating the viability of channel objectives. Also the various activities carried out by the actors in the network are bridging the gap between supplier and customers, contributing to achieve scale advantages, provision of skills and specialisation and risk sharing that accrue from the entire channel operation. All these similarities and activities are important to ensure the effectiveness of the distribution network and hence the competitiveness of the FMCGs companies.

# CHAPTER THREE

# METHODOLOGY

## 3.0 Introduction

This chapter generally seeks to provide the methodological framework around which the study was undertaken. It includes research design, population, sampling techniques, data analysis, statistical tools and techniques used in sales and distribution network of fast moving consumer goods companies in the Kumasi metropolis using some selected companies as case studies. The chapter also discusses data collection methods and some ethical dimensions. The final part gives a brief profile of the case study area, thus the selected companies.

## 3.1 Research Design

The study deployed the descriptive research design. The study sought to describe the sales and distribution network of the FMCGs companies by identifying the activities performed by channel members in the distribution network; identifying challenges encountered by FMCGs companies in the distribution channel and identifying effectiveness of the distribution channel. Descriptive research design as asserted by Robson (2002) and Bell (2004) portrays an accurate profile of persons, events, or situations. Descriptive research design also helps the researcher to have definite answers (Ghauri & Gronhaug, 2005) and since the study sought to have definite answers on the sales and distribution network of FMCGs companies, the descriptive research design was deployed. Descriptive research design also lends itself to quantitative analysis (Saunders *et al.*, 2007) and thus enabled the researcher to use descriptive statistics to analyse data collected. Bell (2004) asserts that descriptive research designs also ensures that studies requiring in -depth information about a phenomenon within a limited period where a large scale survey may not produce the true results are made. Descriptive research design is best carried out through interviews and structured questionnaires and as a result the study used these data collection instruments.

### 3.2 Sources of Data

The researcher sourced primary data from the management of the FMCGs companies used and the channel members (distributors, wholesalers and retailers) of the selected companies by help of interviews and structured questionnaires. This data was used in the analyses and interpretation of the findings.

### 3.3 Unit of Analysis

This research studied companies in the FMCGs categories and the members in the distribution network of these companies. Thus unit of analysis was therefore management of the FMCGs companies and the distributors, wholesalers and retailers in the distribution channel of the FMCGs companies.

### 3.4 Population of the Study

Population is set of individuals, cases or objects for which researchers turn to study with observation of some characteristics (Saunders *et al.*, 2009). The population of the study is made up of the five (5) FMCGs companies selected and the channel members (distributors, wholesalers and retailers) within the Kumasi metropolis. The total population was 19,686, 29, 308 retailers, distributors and wholesalers respectively. This population was arrived at during preliminary interaction with the FMCG companies.

The total population is affected by double counting as channel members operate for more than one company. There was however practical difficulty in removing the double counting.

**3.5 Sample Size**

A sample represents the number of respondents in the population that will serve as a representative of the entire group (Saunders et al. 2009). Hence, for the purpose of this study, the sampling method by Slovin (1960) was adopted in determining the sample size. The formula is presented as; $n = N/ [1+N (e)^2]$ (where n = sample size;

N = sample frame; and e = margin of error/confidence level.

Using a margin of error of 5%, with a population of retailers of 19,686 the sample is calculated below:

$$= \frac{19{,}686}{1 + 19{,}686(0.05)^2}$$

= 392

For distributors =

$$= \frac{29}{1 + 29(0.05)^2}$$

=27

For wholesalers =

$$= \frac{308}{1 + 308(0.05)^2}$$

= 174

The sample size selected was therefore 392, 27 and 174 for retailers, distributors and wholesalers of the distribution network of the selected FMCGs companies. The sample for channel members was selected through convenience sampling by using simple proportion to apportion each of the sample figures determined among the 5 FMCGs companies. Table 3.1 below presents a summary of sample size calculation as apportioned among the five companies under retailers, distributors and wholesalers.

**Table 3.1:** Sample size determination

| **Company: Retailers** | **Population** | | **Sample size** |
|---|---|---|---|
| Uniliver | 5231 | 5231/19,686 x 392= | 104 |
| Nestle | 3625 | 3625/19,686 x 392 | 72 |
| Promasido | 3,580 | 3580/19686 x 392 | 72 |
| Cadbury | 3,560 | 3560/19686 x 392 | 71 |
| PZ cussons | 3,690 | 3690/19686 x 392 | 73 |
| | 19,686 | | 392 |
| **Distributors** | | | |
| Uniliver | 2 | 2/29 x 27 | 2 |
| Nestle | 9 | 9/29 x 27 | 9 |
| Promasidor | 13 | 13/29 x 27 | 12 |
| Cadbury | 1 | 1/29 x27 | 1 |
| PZ cussons | 4 | 4/29 x 27 | 3 |
| | 29 | | 27 |
| **Wholesalers** | | | |
| Uniliver | 67 | 67/308 x 174 | 38 |
| Nestle | 160 | 160/308 x 174 | 90 |
| Promasido | 1 | 1/308 x 174 | 1 |
| Cadbury | 0 | 0 | 0 |
| PZ cussons | 80 | 80/308 x 174 | 45 |
| | 308 | | 174 |

### 3.6 Sampling Technique

The sampling technique involves taking a representative selection of the population and using the data collected as research information (Saunders *et al.*, 2007).The sampling technique provided a range of methods that enabled the researcher to reduce the amount of data collected by considering a data from a sample than all possible population or elements. In selecting the samples, the researcher adopted the convenience sampling approach to select the channel members (retailers, distributors and wholesalers). Also the researcher used the purposive sampling method to select management members from the five (5) selected FMCGs companies in the Kumasi metropolis.

### 3.7 Data Collection Instruments

The researcher collected data using structured questionnaires and interviews. A questionnaire is a printed self-report form designed to elicit information that can be obtained through the written responses of the subjects (Burns & Grove, 1993). Questionnaires for the study used close-ended. Close-ended questions enable a study to elicit exact responses based on prior knowledge of the researcher after reviewing the literature. The questionnaires for the study sought to identify the effectiveness of the distribution system of FMCGs companies; to assess the roles of actors in the distribution system of FMCGs companies; to assess the similarities or otherwise of the distribution system of FMCGs companies; and finally to identify the challenges inherent in the distribution system of FMCGs companies in the Kumasi Metropolis.

The administration of the questionnaires was done by the researcher with the help of Nestle Van Sales men. The questionnaires were administered by the researcher and the team during official hours of Nestle sales men where FMCGs were being delivered to the channel members. The close-ended nature of the questionnaires meant that the administration of the questionnaires could be assisted by others as the questionnaires were legible and understandable even without the researcher’s presence. The questionnaires were used in the survey to solicit the views of the channel members (distributors, wholesalers and retailers) in the distribution network.

Interview is a data collection instrument deployed by a researcher to gather data where people are asked questions so as to elicit responses by the researcher. Interview is usually done with the help of an interview guide (Burns & Grove, 1993). To add to the data gathered on questionnaires used for the study, the study also deployed interviews. The interview was used for only five selected managers for the FMCGs companies in the Kumasi Metropolis. An arrangement was made with the selected managers of these companies, and respective dates were fixed for the interviews. The interview was conducted by the researcher himself with the help of an interview guide. A structured interview was used. A structured interview asks the same questions to the selected respondents. This was done so as to have consistency in responses relating to the distribution systems of the companies as well as any differences. This was justified by the comparative nature of the study. The convenience sampling approach was used in selecting the managers and the interview was conducted also at the convenience of the management at their respective offices in Kumasi.

### 3.8 Pilot Testing

The researcher pre-tested the data collection instruments by conducting a pilot test to ascertain the views of members in the distribution channel of a similar company that engage also in FMCGs. Coca Cola Company was for this purpose used. This helped the researcher to reshape some of the questions that were ambiguous and added only those that were necessary.

### 3.9 Data Analysis

The researcher conducted quantitative analysis. The quantitative analysis was analyzed through various descriptive statistics such as comparison of means and cross tabulation (variance hypothesis testing).These analysis were facilitated by the Statistical Package for Social Sciences (SPSS)

## 3.10 Organizational Profile

The organizational profile gives a brief background to the companies selected for the study. They are Nestle Ghana Limited, Unilever, PZ, Cadbury and Promasidor.

### 3.10.1 Profile of Nestle Ghana Limited

Nestlé Ghana Limited started business in Ghana in 1957 under the trading name of Nestlé Products (Gh) Limited with the importation of Nestlé products such as milk and chocolates. In 1968, it was incorporated as Food Specialties (Gh) Limited to manufacture and market locally well-known Nestlé brands. The company became Nestlé Ghana Limited in 1987. In 1971 the production of the IDEAL Milk and MILO started at the Tema Factory. The factory has since been further developed and now also produces CARNATION milks, CHOCOLIM, CHOCOMILO, CERELAC and NESCAFÉ 3 in 1. These products are not only produced for Ghana but also exported across West Africa. In 2003, Nestlé Ghana Ltd invested in a new warehouse, the Central Distribution centre, located next to the factory in Tema. The company also runs sales offices in Kumasi, Takoradi, Koforidua and Tamale. The Company has invested some 130 billion cedis in 2004 and 2005 to increase its production capacity, particularly in the area of cocoa-based beverages, and to construct modern and efficient distribution facilities next to the factory in Tema.

### 3.10.2 Profile of Unilever Ghana Limited

Unilever Ghana is Ghana's leading manufacturer of fast moving consumer goods and is one of Ghana's leading corporate citizens. It all began in 1787 when two European trading firms, Swanzy and King arrived in the Gold Coast. They later merged in 1931 to form the nucleus of the United Africa Company of Gold Coast (UAC) with a strong commitment to the socio-economic development of the nation - trading,

manufacturing, agriculture and real estate. In 1963, UAC established Lever Brothers, a consumer goods manufacturing business.

Unilever Ghana came into being on July 14, 1992 when the two significant and complimentary Unilever PLC subsidiaries, UAC Ghana Limited, reputed for excellence in marketing and distribution, and Lever Brothers Ghana Limited which is strong in manufacturing, merged to form Unilever Ghana Limited.

### 3.10.3 Profile of PZ Cussons Ghana Limited

PZ Cussons Ghana Limited which started operations in the then Gold Coast in the 1930s, begun as a trading concern which imported goods from Europe for distribution and sale in the Gold Coast and West Africa as a whole. The Company also engaged in the export of produce from the West African region to Europe. The company is one of the early Companies that was first listed on the Ghana Stock Exchange (GSE) at the inception of the stock exchange in the early 1990s.

PZ Cussons Ghana Limited manufactures, distributes and sells soaps, cosmetics and over-the-counter pharmaceutical preparations. The company's products are for export and also for local Ghanaian consumption.

### 3.10.4 Profile of Cadbury Ghana Ltd (Mondelez International)

Cadbury is a British multinational confectionery company wholly owned by American company Mondelez International (originally Kraft Foods) since 2010. It is the second largest confectionery brand in the world after Wrigley's. Cadbury is headquartered in Uxbridge, Greater London and operates in more than fifty countries worldwide. It is famous for its Dairy Milk chocolate, the Creme Egg and Roses selection box, and many other confectionery products. One of the best known British brands, in 2013 The Telegraph named Cadbury among Britain's most successful exports.

Cadbury was established in Birmingham, England in 1824, by John Cadbury who sold tea, coffee and drinking chocolate. Cadbury developed the business with his brother Benjamin, followed by his sons Richard and George. George developed the Bournville estate, a model village designed to give the company's workers improved living conditions. Dairy Milk chocolate, introduced in 1905, used a higher proportion of milk within the recipe compared with rival products. By 1914, the chocolate was the company's best-selling product. Cadbury, alongside Rowntree's and Fry, were the big three British confectionery manufacturers throughout much of the nineteenth and twentieth centuries.

### 3.10.5 Profile of Promasidor Ghana

Promasidor was founded in 1979 by Robert Rose, who left the United Kingdom in 1957 for Zimbabwe to pursue his African dream. As Chairman of Allied Lyons Africa for over 20 years, he travelled extensively across Africa and gained a unique and thorough knowledge of the food industry throughout the continent. In particular he noticed a lack of availability of the one highly nutritious product that the developed world takes for granted - milk.

Promasidor commenced operations in Ghana in 1999. Since then its range of products have become firm favourites among consumers. Cowbell, the leading brand, is a popular filled milk powder. It has grown to include a number of well-received line extensions: Cowbell Coffee milk, Chocomalt, Maltmilk, Sweetmilk Strawberry and Mocca. Miksi- a creami, tasti alternative - is the other popular milk powder brand. Promasidor also have a delicious non-dairy creamer called Kremela. The company also markets a range of Onga seasoning powders, which are available in a range of delicious flavours ideally suited to Ghanaian tastes. Promasidor Ghana distributes its products in many neighbouring countries; Togo, Burkina Faso, Liberia, Sierra Leone and Cote D' Ivoire.

# CHAPTER FOUR

# DATA PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS

## 4.1 Introduction

This chapter covers the presentation, analysis and discussion of the results obtained from analyzing the data collected. The data collected was to aid in the study of the sales and distribution network of fast moving consumer goods (FMCGs) companies in Ghana using five selected companies in the study. The major findings based on the objectives set for the study are captured in this chapter. Statistical tools largely descriptive statistics were used in the analysis of the study. The findings are subsequently discussed also in the chapter. A total of respondents were considered for the study but 593 responses were collected which translates to about 100 % response rate.

## 4.2 Descriptive Analysis of Demographic Data

**Table 4.1: Frequency Distribution Table of Demographic Data**

| VARIABLE | FREQUENCY | PERCENTAGE (%) |
|---|---|---|
| **FMCG** | | |
| Nestle | 141 | |
| Unilever | 171 | |
| Promasidor | 84 | |
| Cadbury | 73 | |
| PZ | 121 | |
| **WORK EXPERIENCE** | | |
| Less than 1 year | 78 | 22.61 |
| 1-10 years | 180 | 52.17 |
| 11-20 years | 75 | 21.74 |
| 21-30 years | 12 | 3.48 |
| **TYPE OF CATEGORY** | | |
| Distributor | 15 | 4.4 |
| Wholesaler | 102 | 29.6 |

| | | |
|---|---|---|
| Retailer | 228 | 66.0 |
| **EXPERIENCE IN CATEGORY** | | |
| 1-10 years | 232 | 67.25 |
| 11-20 years | 113 | 32.75 |

**Source: (Field Study, 2016)**

Table 4.1 above covers the demographic statistics of the channel actors who were considered in the sample for the study. The demographic features considered included the products they distribute, work experience, category of distribution and the number of years of experience in that particular category. From table 4.1 the outcome of the results revealed that 141, 171, 84, 73 and 121 actors exist in the distribution channels of Nestle, Unilever, Promasidor, Cadbury and PZ respectively. Regarding the duration the distributors have worked with particular FMCGs companies, the results indicated that those respondents with less than one year distribution experience represented 22.61%; with those between one to ten years accounting for about 52.17% of the respondents. 21.74% of the respondents also indicated that they possess between eleven to twenty years while the remaining 3.48% said they have been with the same FMCGs companies for between twenty to thirty years. On the average, a little more than half of the participants who took part in the survey have at least between one to ten years distribution experience with one or more FMCGs thereby giving them adequate and appropriate experience to provide the needed information to address the study.

Relating to the category of distribution to which the actors belong, the results in table 4.1 above suggested that majority of them are retailers which translates into 66% of the total respondents. Wholesalers among the participants occupied 29.6% while the remaining participants representing 4.4% are distributors. This means that more than half of the respondents considered in the study are retailers in the distribution network, justified by the huge population of retailers.

Finally, respondents' experience in the chosen category within the distribution channel was also studied. The results revealed that about 67.25% of them indicated that they have between one to ten years' experience within their distribution category. The remaining 32.75% suggested they have more than ten years' experience within their category in the distribution network. This revelation suggested that the channel members chosen for the study have enough experience in the subject matter under study. The respondents were therefore eligible to provide the study with required data.

**Effectiveness of sales and distribution network of the FMCGs companies**

The study sought to identify the effectiveness of the sales and distribution network of the FMCGs companies. This was achieved by eliciting responses from channel members on positive activities expected to be performed by channel members in the sales and distribution network. These activities were measured on a five point Likert scale of strongly agree to strongly disagree. Table 4.2 below shows the descriptive statistics of the results.

**Table 4.2: Effectiveness of sales and distribution network of the FMCGs companies**

| | Min | Max | Mean | Std Dev |
|---|---|---|---|---|
| As a channel member, I help the company analyse customer needs | 1 | 2 | 1.6348 | 0.48219 |
| As a channel member I help implement channel objectives | 1 | 2 | 1.9246 | 0.26436 |
| I help in identifying key channel alternatives | 1 | 4 | 2.4348 | 0.75248 |
| I help in evaluating the viability of channel alternatives I | 1 | 4 | 2.4087 | 0.64107 |
| help in reducing cost by bridging the gap between my | | | | |

| | | | | |
|---|---|---|---|---|
| supplier and customers | 1 | 4 | 1.8145 | 0.64278 |
| I contribute to achieving scale advantages such as handling, order processing and transport planning | 1 | 4 | 2.2087 | 0.65364 |
| I provide task, skill and specialisation which ensures the effectiveness of the distribution system | 1 | 4 | 2.4812 | 0.85271 |
| I share risk that accrue from channel's operation with other members of the channel | 1 | 4 | 2.2145 | 0.58102 |
| **OVERALL MEAN** | | | **2.1402** | |

The study measures effectiveness at mean value of 2.50 or less on the five point Likert scale (strongly agree and agree zone). Table 4.2 above indicates an overall mean value of approximately 2 suggesting that the distribution network of FMCGs companies perform these positive activities expected to be performed in the sales and distribution network. The distribution network of the FMCGs is therefore effective. Specifically, the sales and distribution network of FMCGs companies is effective in helping the companies analyse customer needs. The sales and distribution network of FMCGs companies also help channel members to implement channel objectives. The sales and distribution network ensures that cost is reduced by bridging the gap between suppliers and customers. These and other activities performed by channel members operating in the sales and distribution network of the FMCGs companies imply that the sales and distribution network of the FMCGs are effective.

The study also found out that the sales and distribution network of the FMCGs companies have been effective because of the role of channel members and other metrics used by the FMCGs companies to measure effectiveness. Profitability, growth, market share and others are used to ensure effectiveness. Table 4.3 below shows ways used by the FMCGs companies in ensuring effectiveness.

**Table 4.3: Methods of ensuring effectiveness of the sales and distribution network**

| Ensuring effectiveness of the distribution network | Frequency |
|---|---|
| Monitoring devices | 2 |
| Role of channel members | 2 |
| Profitability | 1 |
| Growth | 1 |
| Market share | 1 |
| Coverage | 1 |
| Product availability per each channel | 1 |
| Achievement of target against available resources | 1 |
| Number of skills available per outlet | 1 |
| Available stocks in distributed warehouses | 1 |

The various FMCGs companies used for the study undertake series of activities aimed at ensuring effectiveness of their sales and distribution networks by the use of a device or the mere comparison of actual output to targeted output. This effectiveness is measured mostly by comparing actual output to target set for each channel in terms of sales volume expected in line with the resources committed to achieving that target.

The effectiveness of distribution network of the FMCGs companies measured through a device such as Distributor Management Solution 1 (DMS1) and Lever edge system which ensures monitoring. These devices are able to track product availability per each channel, achievement of set target against available resources, the number of Stock Keeping Units (SKUs) available per outlet and available stocks in distributor warehouses.

The role of the various channel members was also analysed to measure their contribution to ensuring the effectiveness of the entire network. The results revealed all the channel members of all the companies contribute immensely to ensure the effectiveness of the entire network by undertaking their key activities. Distributors serve as a link between our company, wholesalers and retailers. They buy in bulk, stock them in their various warehouses and supply them to wholesalers and retailers at recommended wholesale and retail prices. Distributors constantly keep in touch with the company to avoid stock out. Wholesalers stock and sell our products to retailers in the open markets at recommended wholesale prices. They are also required to ensure visibility of products in the outlets. Retailers are responsible to make products available, visible and accessible to the final consumers. They are also expected to sell at the recommended retail prices and also pass on relevant information.

Other measures like profitability, market share coverage and others are used in ensuring effectiveness of the sales and distribution system.

## 4.3 Similarities of distribution network of FMCGs companies in the Kumasi metropolis

The study sought to identify whether there are similaritues among the distribution network of FMCGs companies. This was achieved by analysing some varied responses from the various channel members of the companies used for the study in relation to the distribution network. The table 4.4 below shows the summary statistics of the varied responses using the chi-square statistics.

**Table 4.4: Descriptive Findings of Actors' Similarities**

| | Chi-square | Probability |
|---|---|---|
| As a channel member I help the company analyse customer needs | 45.44 | 0.000 |
| As a channel member I help implement channel objectives | 227.173 | 0.000 |
| I help in identifying key channel objectives | 334.776 | 0.000 |
| I help in evaluating the viability of channel objectives | 251.831 | 0.000 |

Source: (Field Survey, 2016)

Table 4.4 above shows that the distribution networks of the FMCGs differ in terms of channel members' role on analyzing customers' needs. This is evidenced by the low probability associated with the chi-square value which is below the significance level of 5% chosen for the study. Responses of channel members in respect of this role were gathered on a Likert scale basis of strongly agree to strongly disagree. The test of variance (dependence) shows that the distribution networks of the various FMCGs differ or cannot be considered as similar in terms of the role of channel members in helping the FMCGs analyse customer needs. This finding correspond with that of Kotler *et al.,* (2008) who suggested that although it is impossible for company to match all customers' wants and requirements, it is important to evaluate which of them are most important, and to find balance between serving their customers well and yet providing products at reasonable prices.

The similarity or uniqueness in the distribution network of the FMCGs was also assessed on whether the channel members help implement channel objectives. Responses were also garnered on 5 point Likert scale of strongly agree to strongly disagree. The chi-square value shows a low probability falling within the 95 percent confidence interval. This suggests that the null hypothesis implying similarity among the distribution networks of the FMCGs or the fact that this role of channel members is not company dependent is rejected. Thus the distribution of the FMCGs differs when measured against the parameter of channel members helping the FMCGs to achieve the channel objectives.

Table 4.3 also shows that when distribution networks of the FMCGs are assessed on the basis of whether channel members are able to identify key channel objectives, the distribution of the FMCGs differ also in this regard. The probability associated with the chi-square statistic is below the alpha of 5% suggesting that the null hypothesis claiming similarity of the distribution networks is rejected. This means that there is company dependence and hence whiles channel members in the distribution networks of some FMCGs are able to identify key channel objectives, channel members of other FMCGs are not able to identify key channel objectives. The distribution networks of the FMCGs differ also in this regard.

The role of channel members in evaluating the viability of channel objectives was also used as a basis of identifying similarity or otherwise among the distribution network of the FMCGs. Responses were gathered on the basis of the Likert scale and table 4.3 above shows that the chi-square value has a probability value that is highly significant compared to the alpha of 5%. The implication of this result is the distribution network of the FMCGs measured on the basis of channel members' role in evaluating the viability of channel objectives are not similar. The issue of channel members evaluating viability of channel objectives differs among the distribution network of the FMCGs and hence cannot be considered to have similar distribution network on the basis of this. The results can be explained from the assertion of Kotler *et al.,(*2008) that companies identify potential channel options, consider types of intermediaries, number of intermediaries and responsibilities to be shared within the channel. This means that different responsibilities might be laid out for the channel members by the FMCGs which per the results are not similar.

Thus there are differences among the distribution networks of the FMCGs cannot therefore be considered similar. The results of the study confirm the assertion of Jobber & Lancaster (2009) stating that efficient way to determine the right distribution system is to consider market product, channel cost, profit potential, channel structure, product life cycle as well as non-marketing factors. This suggests that effectiveness of sales and distribution system can be measured against these factors enumerated by Jobber & Lancaster (2009) as factors to be considered in choosing the right distribution system.

### 4.4 Activities of actors in the sales and distribution network of the FMCGs Companies in the Kumasi Metropolis

The table 4.5 below presents the descriptive statistics on the activities of actors in the sales and distribution network of the FMCGs companies in the Kumasi Metropolis. Four activities of the actors were identified and assessed on five point Likert scale of strongly agree to strongly disagree. A mean figure of 2.50 and below suggests that the actors perform the four activities in the distribution network.

**Table 4.5: Descriptive Findings of Actors' Functions**

| | Min | Max | Mean | Std Dev |
|---|---|---|---|---|
| I help in reducing cost by bridging the gap between my supplier and customers | 1 | 4 | 1.8145 | 0.6428 |
| I contribute to achieving scale advantages such as handling, order processing and transport planning | 1 | 4 | 2.2087 | 0.6536 |
| I provide task, skill and specialisation which ensures the effectiveness of the distribution system | 1 | 4 | 2.4812 | 0.8527 |
| I share risk that accrue from the channel's operation with other members of the channel | 1 | 4 | 2.2145 | 0.581 |

Table 4.5 shows that actors in the distribution system of the FMCGs companies are engaged in reducing cost and bridging the gap between supplier and customers. This is evidenced by the mean value of below 2.50.

Also actors in the distribution system of FMCGs companies engage in order processing and transport planning. This is shown by the mean value below 2.50 suggesting that the channel members ensure that orders are processed and planning issues relating to transport are also taken care of.

The actors in the distribution system also bring to bear their skills and specialisation in ensuring that the distribution system is evidenced. This means that the actors in the distribution system are engaged in specific roles in order to achieve effective distribution system. This is shown by mean value below 2.50 which falls into the agree zone on the 5-point Likert scale.

Risk sharing is also identified by the study as one of the activities performed by the actors in the distribution system. The channel members predominantly are engaged in risk sharing such that risks accrue by other members in the chain are shared. This is also evidenced by the mean value below 2.50 which falls into the agree zone on a five point Likert scale of strongly agree to strongly disagree.

Distribution involves wide range of functions such as transportation, inventory, selling, marketing after sales service and others (Kotler *et al.*, 2008). However company has to consider how to cover them all effectively without compromising sales and yet not over exceeding its own capacity. The findings of the study confirm the usual activities enumerated by Kotler *et al.*,(2008) as functions carried out by channel members.

**4.5 Challenges facing the sales and distribution network of FMCGs Companies**

There are some challenges that hinder the effectiveness of the distribution network of the selected companies. Topmost among them are the infiltration of fake products, inadequate logistics to engage in re-distribution, and low commitment from some channel members. It is identified that there is an influx of fake products that distorts the quality of product available for the channel members in the market.

Also, there is a low commitment by especially salesmen to ensure proper redistribution in the trade. Furthermore, distributors also engage in price undercutting and territory encroachment and finally inadequate POPM (Point of Purchase Materials) to ensure proper visibility.

In overcoming some of these challenges, management has embarked on certain activities such as putting in measures to check the infiltration with fake brands, increment in trade incentives to motivate distributors to embark on re-distribution and non-adherence of sales rules by some channel members. FMCGs have an anti-fake unit which tries as much as possible to intercept.

Also, trade incentives are increased in order to motivate distributors. Furthermore, the companies also put in place punitive measures to deter distributors from price undercutting and territory encroachment. The companies put in place control measures to ensure channel members are trained and their activities are closely monitored to ensure they operate within the laid down rules.

# CHAPTER FIVE

# SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Introduction

This chapter presents the summary of findings, conclusion and recommendations of the study. The summary of findings is captured under the objectives which were stated in the introductory chapter.

## 5.2 Summary of findings

Based on the findings of the study, the following recommendations are made:

**5.2.1 Effectiveness of sales and distribution network in the Kumasi Metropolis** The various FMCGs companies ensure the effectiveness of the sales and distribution network by using devices such as Distribution Management Solution 1 (DMS1) to track the activities of the channel members. Also, the mostly used method of measuring effectiveness of the channel members is the comparison of targeted sales output against actual sales output. Furthermore, in order to strengthen the relationship between the channel members, distributors continuously keep in touch with the companies to stock their warehouses for onward supply to the wholesalers and retailers. Wholesalers also stock their facilities and supply to retailers at recommended wholesale prices and also ensure visibility of the products in their outlets. Finally, retailers ensure that the company products are available, visible and accessible to the final consumer as well as passing on relevant information to the final consumer.

### 5.2.2 Similarities of distribution network of FMCGs Companies in the Kumasi Metropolis

The similarities among the various distribution networks (distributors, wholesalers and retailers) was analysed along four dimensions. These dimensions are: helping analyze customer needs, helping implement channel objectives, identifying channel alternatives as well as evaluating the viability of channel alternatives. The results of the study show that there is significant difference among the distribution network of FMCGs companies using all the four dimensions.

### 5.2.3 Activities of actors in the sales and distribution network of FMCGs Companies in the Kumasi Metropolis

There are some activities that the various channel members perform in order to coordinate the affairs of the companies they work with to serve the final consumer. Key among these activities are reducing cost by bridging the gap between their supplier and customers, helping achieve scale advantages such as handling, order processing and transport planning, provision of task, skill and specialisation which ensures the effectiveness of the entire distribution system and finally they help share risk that accrue from the channel's operation with other members of the channel. These activities were acknowledged by majority of the channels members as activities they embark on to better all efforts geared towards serving the final consumer.

### 5.2.4 Challenges of the sales and distribution network of FMCGs Companies in the Kumasi Metropolis

Some challenges occur which hinder the effectiveness of members in a distribution network of the selected FMCGs. Key among these challenges are the infiltration of fake products into the product line of the companies, inadequate logistics to engage in re-distribution, finally low commitment from some channel members and finally inadequate point of purchase materials to ensure proper visibility.

To overcome these challenges, management of these FMCGs companies have set up anti-fake unit to intercept possible infiltration of the fake products into their channel network. Also, there have been increments in trade incentives in order to motivate distributors to do more. Furthermore, management has put in place control measures to ensure channel members are trained and their activities closely monitored to operate within lad down rules.

## 5.3 Conclusion

The FMCGs undertake activities aimed at making products available to consumers. These activities are not done in isolation by the companies on their own but by the help of some key channel members who work as a network between the companies and the final consumer. These channel members are distributors, wholesalers and retailers who undertake different activities to ensure the competitiveness of the network and hence the competitiveness of the companies. The distribution network of FMCGs companies differ and the companies face unique challenges that have the tendency to hinder their effectiveness, key among them being infiltration of fake products, lack of logistics for redistribution and low commitment from some channel members.

## 5.4 Recommendations

The following recommendations are worth considering based on the study.

Government agencies such as the Food and Drugs Authority and Ghana Standards Authority should collaborate more with the FMCGs companies to clamp down on fake products that infiltrate the product line of the products on offer by the various companies.

Also, management should review the trade discounts to cover other channel members apart from the distributors and also ensure that the discounts are periodically reviewed to meet the needs of the channel members.

Finally, there should be a proper and sustainable supervision to curb the occurrences of price undercutting and territory encroachment and also monitor salesmen to ensure they undertake proper re-distribution in line with the companies' laid down procedure.

## 5.5 Recommendation for further studies

It is recommended that future research should be extended to other metropolis since the research focused on only the Kumasi Metropolis in order to confirm the results or otherwise.

Also the research should be extended to other the telecommunication companies which are also typical FMCGs companies.

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## APPENDICE

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**COLLEGE OF HUMANITIES AND SOCIAL SCIENCES**

**SCHOOL OF BUSINESS**

**QUESTIONNAIRE FOR DISTRIBUTION CHANNEL MEMBERS**

Dear Respondent,

This research is being undertaken as part of the requirement for the award of a Masters' degree in Marketing. The research seeks to **study the sales and distribution network of Fast Moving Consumer Goods (FMCGs) companies in Ghana using selected companies as case study.** The research is strictly for academic purposes, hence information volunteered would be held in high confidentiality. I shall be grateful if you could take a few minutes of your time to answer the following questions.

*Please tick (√) the appropriate response that best answers each question*

**PART A Demographics**

1. Which of these companies' product(s) do you distribute?

Nestle [ ] Unilever [ ] PZ [ ] Promasidor [ ] Cadbury [ ]

2. How long have you been working with the company selected in **Q1**?

Less than 1 year [ ] 1-10 years [ ] 11-20 years [ ] 21 - 30 years [ ]

31 years and above [ ]

**PART B Similarities of distribution network of FMCGs**

3. Which category of intermediary are you? Distributor [ ] Wholeseller [ ]

Retailer [ ]

4. How long have you been operating in the category selected in **question 3** above?

Less than 1 year [ ] 1-10 years [ ] 11-20 years [ ] 21 - 30 years [ ] 31 years above [ ]

With regards to the similarities of distribution network of the FMCGs companies, please tick (√) the appropriate response that best answers each question from a scale of 1 to 5.

**1= Strongly Agree 2=Agree 3=Neutral 4=Disagree 5=Strongly Disagree**

| **S/N** | **Similarities of distribution network of FMCGs** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 5 | As a channel member I help the company analyze customer needs | | | | | |
| 6 | As a channel member I help implement channel objectives | | | | | |
| 7 | I help in identifying key channel alternatives | | | | | |
| 8 | I help in evaluating the viability of channel alternatives | | | | | |

**PART C Activities of the actors in the sales and distribution network of the FMCGs companies.**

With regards to the activities of the actors in the sales and distribution network of the FMCGs companies, please tick (√) the appropriate response that best answers each question from a scale of 1 to 5.

**1= Strongly Agree 2=Agree 3=Neutral 4=Disagree 5=Strongly**

**Disagree**

| S/N | Activities of the actors in the sales and distribution network of the FMCGs | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 9 | I help in reducing cost by bridging the gap between my supplier and customers | | | | | |
| 10 | I contribute to achieving scale advantages such as handling, order processing and transport planning | | | | | |
| 11 | I provide task, skill and specialization which ensures the effectiveness of the distribution system | | | | | |
| 12 | I share risk that accrue from the channel's operation with other members of the channel | | | | | |

**Thank you so much for your cooperation**

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF HUMANITIES AND SOCIAL SCIENCES

SCHOOL OF BUSINESS

INTERVIEW GUIDE FOR MANAGEMENT OF THE SELECTED COMPANIES

Dear Respondent,

This research is being undertaken as part of the requirement for the award of a Masters' degree in Marketing. The research seeks to **study the sales and distribution network of Fast Moving Consumer Goods (FMCGs) companies in Ghana using selected companies as case study.** The research is strictly for academic purposes, hence information volunteered would be held in high confidentiality. I shall be grateful if you could take a few minutes of your time to answer the following questions.

*Please answer each question on the dotted lines against the questions.*

**PART A Demographics**

1. Name of company………………………………………………………………

2. How long have you been operating in Ghana (in years)……………..…

3. How long have you been working with this company………………

4. How long have you been in your current position………………

**PART B Effectiveness of the sales and distribution networks of the FMCGs Companies**

5.How does your company measure the effectiveness of its distribution network?

……………………………………………………………………………………………

6. What role does the following intermediaries perform to ensure competitiveness of your company's distribution network?

**Distributors:**…………………………………………………………………………

……………………………………………………………………………………………

**Wholesellers:**………………………………………………………………………

……………………………………………………………………………………………

**Retailers:**……………………………………………………………………………

……………………………………………………………………………………………

**PART C Challenges facing the sales and distribution network of FMCGs companies**

7. What challenges currently face the sales and distribution network of your company?

……………………………………………………………………………………………

8. What has management of your company done to overcome these challenges?

…………………………………………………………………………………………

…………………………………………………………………………………………

9. In your opinion what else can be done to completely overcome these challenges?

…………………………………………………………………………………………

**Thank you for your cooperation**