MARKETING CHANNEL DESIGN AND SALES CYCLE TIME DURATION: AN EMPIRICAL STUDY

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Abstract: The purpose of this study is to empirically test a framework identifying the relationships between marketing channel design and sales cycle time duration with special emphasis on table water manufacturing firms in Rivers State of Nigeria. Data for the study were collected from a sample of 79 table water manufacturing firms operating within the city of Port Harcourt in Rivers State. The research framework was tested using simple regression. The results indicate that marketing channel design has direct positive and significant impact on sales cycle time duration. This study therefore concludes that the outcome of the quantitative assessment of the study's result is an indication that marketing channel design has direct positive and significant impact on sales cycle time duration. By developing and validating a construct of marketing channel design and by showing evidence of its value in improving sales cycle time duration of table water manufacturing companies, it provides Table water manufacturing managers with useful tool for evaluating the efficiency of their current marketing channel design policies. The paper recommends that managers should adopt marketing channel design programs that are capable of attracting positive sales cycle duration time for greater efficiency in their organizations.

Keywords: Marketing channel design, Rivers State, Sales cycle time duration, Table water manufacturing firms.

Paper type: Research paper.

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I. Introduction

Recently market driving companies gain a more sustainable competitive advantage by delivering a leap in marketing channel design through a unique business system. Many firms sought to use marketing channel design as a means with which to enhance efficiency and finally sales cycle duration time. Marketing channel design as a management system represents an important strategic option. Marketing channel design may involve the stabilization or realignment of an existing stream, or it may involve the creation of an entirely new channel.

Producers and manufacturers, wholesalers, and retailers all face marketing channel design decisions. Marketing Channel design make possible the flow of goods from the manufacturer to the end-user. Hutt and Speh (2007) opined that, the connection between the manufacturer and the customer is the distribution channel. The purpose of the distribution channel is to convey the product from manufacturer to the end user to the right time to the right place (Klein and Frazier, 1990). The marketing channel design enables the marketing manager to bridge the market. Channel design, creates competitive advantage by putting aside market winners and market losers from each other.

Stern and Weitz (1997) noted that the efficient marketing channel design can offer opportunities to build up sustainable competitive advantage in the long term. The channel should realize all tasks which are indispensable to affect a sale and deliver products to ultimate consumers.

Marketing channel design is presented as a decision faced by the marketer, and it includes either setting up channels from the very beginning or renovating accessible channels. Marketing channel design has a tactical undertone and it is engaged as a planning apparatus for putting on an inconsistent advantage.

This paper describes how marketing channel design can increase agility that enhances sales cycle time duration in table water manufacturing companies. The paper contains a short theoretical review on marketing channel design and sales cycle time duration, e empirical evidence in collected from table water manufacturing companies in Rivers State.

The purpose of this paper therefore, is to empirically test a framework identifying the relationships between marketing channel design and sales cycle time duration. The remainder of this paper is organized as follows: Section 2 presents the research framework, discusses the concepts of marketing channel design and sales cycle time duration, and develops the hypothesized relationships. The research methodology and analysis of results are then presented, followed by the implications of the study.

2. LITERATURE REVIEW AND HYPOTHESIS

Marketing Channel Design

Marketing channel design refers to those decisions involving the development of new marketing channels where none had existed before or to the modification of existing channels. A firm can design any number of channels they require. Channels are classified by the number of intermediaries between producer and consumer (Kotler, Keller and Burton, 2009). Designing a marketing channel calls for analyzing customer needs, establishing channel objectives, and identifying and evaluating the major channel alternatives (Kotler, Keller and Burton, 2009). In designing the marketing channels, the marketer must understand the output levels desired by the target customers. Marketing channels bring into being five service outputs which include;

Lot size - the number of units purchase on/in one occasion.

Waiting time - the average time customers of a specified channel wait for receipt of the goods.

Spatial convenience - the degree to which the marketing channel makes it easy for customers to purchase the product.

Product variety - the assortment breadth provided by the marketing channel, because on the whole, customers have a preference for larger assortment for the reason that more choices amplify the likelihood of finding what they could do with.

Service backup - the add-on services (e.g credit, delivery, etc) made available by the channel (da Silva, 2008). As noted by da Silva (2008), marketing channel objectives ought to be declared in terms of targeted service output levels. Marketing channel objectives show a discrepancy with product characteristics and these channel objectives are predisposed by; nature of the product, company characteristics, characteristics of intermediaries, competitors' channel and environmental factors (Kumar and Venkatesan, 2005; Kotler, Keller and Burton, 2009; Kansal, 2011).

A basic responsibility in the marketing channel design phenomenon is the identification of the diverse varieties of accessible intermediaries to function in a company. Kansal (2011) revealed the existence of four basic types of marketing intermediaries, which include: agent, wholesalers, distributors and retailers.

Sales Cycle Time Duration

Sales cycle time duration or length is the quantity of time from ones earliest contact with a prospect to closing the deal, averaging crosswise each and every one successful transactions. Sales people have a predetermined quantity of

time to sell, and yet find countless activities contending for their attention, as well as customer retention and selling further to existing customers, acquiring new customers by subsequent leads, and non-sales administrative actions. The way they eventually use up their time in the midst of these three groupings is a noteworthy factor in their schedule (Sabnis, et al., 2013). With the greater than before intricacies of manufacturing business dealings, the sales cycle time duration keep on increasing (Trailer and Dickie, 2006), making lead generation a decisive goings-on. Sales person spend enormous quantity of time on prospecting and having a vigorous stream of fresh leads can tender elevated eminence prospects for sales to hunt (Trailer and Dickie, 2006; Sharma and Seth, 2010; .Peterson and Krishnan, 2011).

Marketing Channel Design and Sales Cycle Time Duration

For a business to design marketing channels that can warranty first-rate sales; the business must evaluate customer needs, launch channel objectives, categorize and evaluate the foremost channel substitutes (Kotler etal., 2009). Outstanding improvements have been made on successfully designing and administering marketing channels (Vinhas et al., 2010). Besides, marketing channel provides the course, passageway, or conduit through which products or valuable possessions stream, as they shift from the producer to the ultimate user of the product (Metha et al., 2000; Vinhas et al., 2010). The complexities in the marketing channel design (especially for table water manufacturing companies in Nigeria) provides a research opportunity on how to design marketing channels that can enable the producer to utilize different channel types to create optimize sales cycle time duration.

3. RESEARCH METHODOLOGY

Sample and data collection

A survey instrument was developed to investigate the impact of marketing channel design on sales cycle time duration of table water manufacturing firms. The questionnaire was pre-tested several times to ensure that the wording, format, and sequencing of questions were suitable. Occasional missing data on variables was handled by replacing them with the mean value. The percentages of missing data across all data were premeditated to be comparatively small. Data for this study was collected using a self-administered questionnaire that was distributed to 200 table water manufacturing firms operating within the city of Port Harcourt in Rivers State. The sample was selected randomly from the database of Rivers State Ministry of Commerce and Industry, Port Harcourt. The sampling frame consists of 79 table water firms operating in Port Harcourt. It was called for that the questionnaire be completed by a product manager, sales manager and a supervisor in each of the table water manufacturing

companies studied. The responses designated that a majority of the respondents completing the questionnaire were in actuality members of the top management. Of the 237 questionnaires given out, a total of 200 questionnaires were returned after one follow-up. A total of 37 questionnaires were eliminated due to largely missing values. The overall response rate was thus 84.4 percent (200/237), which was considered satisfactory for succeeding analysis.

4. RESULTS AND DISCUSSION

The descriptive analysis of the sampled companies with respect to the use of marketing channel design and sales cycle time duration are shown in Tables 1 and 2

Marketing channel Design

Table 1 shows the analysis and interpretation of frequencies on items of sales cycle time duration.

Table 1: Marketing Channel Design

S/N	Items	Frequencies / Percentages				
		UD (1)	SD (2)	D (3)	A (4)	SA (5)
1	Our company understands and effectively design channels for product distribution.	4	5	11	60	120
		2%	2.5%	5.5%	30%	60%
	.	4	10	33	240	600
2	Our company first analyzes customer needs before deciding on product distribution.	-	2	55	68	75
		-	1%	27.5%	34%	37.5%
	.	-	2	165	272	375
3	Our company's payment terms give an opportunity to agents / retailers / distributors of our product to do business profitably.	-	4	41	66	89
		-	2%	20.5%	33%	44.5%
		-	8	123	264	445

Source: Research data, 2019.

Table 1 shows frequencies of channel design as a dimension of distribution management strategies as presented for table water manufacturing companies studied. Our company understands and effectively design channels for product distribution, recorded 4 (2%) as undecided, 50 (2.5%) as strongly disagree, 11(5.5%) as disagree 60 (30%) as agree and 120 (60). On our company first analyzes customer needs before deciding on product distribution, undecided presented no response, strongly disagree has 2 (1%), disagree 55 (27.5%), agree 66 (33%) and strongly agree 75 (37.5%). On the item that concerns our company's payment terms give an opportunity to agents / retailers / distributors of our product to do business profitably, undecided presented no responses, 2(4%) for strongly disagree, 41(20.5%) for disagree, 66 (33%) for agree, and 89(44.5%) for strongly agree. This implies that marketing channel design features prominently in table water manufacturing companies in Rivers State.

Sales Cycle Time Duration

Table 2 shows the analysis and interpretation of frequencies on items of sales cycle time duration.

Table 2: Sales Cycle Time Duration (n=200)

S/N	Items	Frequencies / Percentages				
		UD (1)	SD (2)	D (3)	A (4)	SA (5)
1	Sales people have a finite amount of time to sell.	4	5	11	60	120
		2%	2.5%	5.5%	30%	60%
		4	10	33	240	600
2	Sales people have a predetermined quantity of time to sell, and yet find countless activities contending for their attention.	-	2	55	68	75
		-	1%	27.5%	34%	37.5%
		-	2	165	272	375
3	Sales cycle time duration makes lead generation a critical activity.	-	4	41	66	89
		-	2%	20.5%	33%	44.5%
		-	8	123	264	445
		4	16	93	220	510

Source: Research data, 2019.

Table 2 shows frequencies of sales cycle time duration as a measure of sales performance as presented for table water manufacturing companies studied. Sales people have a finite amount of time to sell recorded 4 (2) for undecided), 5 (2.5%) as strongly disagree, 11 (5.5%) as disagree, 60 (30%) as agree, and 120 (60%) as strongly agree. On sales people have a predetermined quantity of time to sell, and yet find countless activities contending for their attention, no response was presented for undecided, 2 (1%) for strongly disagree 55 (27.5%), for disagree, 68 (34%) for agree and 75(37.5%). The item that concerns Sales cycle time duration makes lead generation a critical activity.

presented no response for undecided, 4 (2%) for strongly disagree, 41 (20.5%) for disagree, 66 (33%) for agree, 89 (44.5) for strongly agree.. This implies that sales cycle time duration is very significant is in attaining sales performance, since it substantiates enhancement of sales people activities.

Test of Hypotheses

Decision Rule

Significant/probability value (Pv) < 0.05 (level of significance = conclude significant influence.

Significant probability value (Pv) > 0.05 (level of significant = conclude insignificant influence.

Influence of Channel Design on Sales Cycle Time Duration

Ho$_1$: Marketing channel design does not significantly influence sales cycle time duration.

H$_1$:   Marketing channel design significantly influences sales cycle time duration.

Table 3: Influence of Marketing Channel Design on Sales Circle Time Duration (N=200).

Model estimate	R	R Square	Adjusted R Square	Std. Error of the
1	.866	.750	.747	1.026

a. Predictors: (Constant), Marketing channel design

b. Dependent Variable: Sales circle time duration

Since for hypothesis one, the significant is .000 which is less than 0.05; there is a significant, influence of marketing channel design on sales circle time duration with the R (Coefficient of Correlation) that there is 86.6% direct relationship between marketing channel design and sales cycle time duration. R–square value of 75.0% shows that

marketing channel design can influence sales circle time duration enormously. The researcher also used ANOVA to

test the hypothesis in this section. The results were presented in table 4.

Table 4: One way ANOVA for the difference in mean between Marketing Channel Design and Sales Cycle Time Duration (N=200).

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.160	1	3.160	3.329	.0000
With in Groups	11.200	199	.190		
Total	14.361	200			

a. dependent variable: Sales cycle time duration

b. Predictor: Marketing channel design

Table 4 shows that there is difference in mean between channel design and sales cycle time duration F(dfB,dfw) =F(199,1) =3.329, p<0.05. Significant value is 0.01,r(1,199). This agrees with the regression result in table 3.

The stated hypotheses sought to determine the effect of marketing channel design on sales cycle time duration using the simple regression analysis. The hypotheses was stated in the null form, statistically tested and rejected. The alternative hypothesis that there is a significant relationship between marketing channel design and sales cycle time duration was accepted. The concept of marketing channel design as measured in this study dealt with issues bordering on marketing channel design as a positive driver of positive sales cycle time duration. It becomes clear that marketing channel design makes sales cycle time duration efficient and thus capable of delivering reliable outcomes. From our findings, we understand that when marketing channel design is properly regulated and positively handled, it rubs on positively on sales cycle time duration. Our finding agrees and supports the findings of Anderson and Weitz (1992) and Morgan and Hunt (1994) who established that producers have to develop strong, long-term relationships with their channel partners since these affect firm performance and sales performance in particular.

5. Conclusion

This paper provides empirical justification for a framework that identifies marketing channel design and describes its relationship with cycle time duration. For the purpose of investigating this issue a comprehensive, valid, and reliable instrument for assessing marketing channel design and sales cycle time duration was developed. The instrument was tested using rigorous statistical tests including convergent validity, discriminant validity, reliability, and the validation of second-order constructs. Data for the study were collected from a sample of 79 table water manufacturing companies in Rivers State and the research framework was tested using the simple regression method. This study provides empirical evidence to maintain theoretical and dogmatic statements in the literature on the subject of the impact of marketing channel design on sales cycle time duration. The result shows that marketing channel design is a very important catalyst in determining sales cycle time duration in table water manufacturing companies in Rivers State of Nigeria. This study therefore concludes that the outcome of the quantitative assessment of the study's result is an indication that marketing channel design has direct positive and significant impact on sales cycle time duration.

Implications

The analysis results presented several managerial implications for marketing channel design decisions: First, by developing and validating the construct of marketing channel design and by showing evidence of its assessment in improving sales cycle time duration of table water manufacturing companies, it provides table water manufacturing company's managers with a useful tool for evaluating the efficiency of their current marketing channel design policy. Second, the analysis of the relationship between marketing channel design and sales cycle time duration indicates that marketing channel design might directly influence sales cycle time duration of table water manufacturing companies. The table water manufacturing company's managers should also be mindful that sales performance could only be enhanced by improving sales cycle time duration initially. Third, the findings of this study tend to sustain the view that the implementation of marketing channel design practices has a significant impact on the sales cycle time duration of table water manufacturing companies in an up-and-coming country perspective. Researchers can use the findings herein to generate ideas for future studies, and top managers can bring together imperative knowledge about how helpful marketing channel design impacts sales cycle time duration.

Recommendation

In order to enhance marketing channel design policies, managers should adopt marketing channel design programs that are capable of attracting positive sales cycle duration time for greater efficiency in their organizations.

Limitation and direction for future of studies

It recognizable that the present study is subject to some limitations. Conceivably, the gravest limitation of this study was its narrow focus on Nigerian table water manufacturing companies, thus prohibiting the generalization of findings to other up-and-coming countries as well as other sectors such as service and non-profit sectors that may benefit from a resonance marketing channel design policy. Future studies may also investigate the proposed relationships by assimilating some contextual variables into the model including the size of the industry, technology, and supply chain collaboration.

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