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**DISTRIBUTION MANAGEMENT STRATEGIES AND SALES PERFORMANCE  
OF SOFT DRINK DISTRIBUTORS IN RIVERS STATE OF  
NIGERIA**

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**ABSTRACT**

Distribution Management has become a comprehensive strategy of managing a company's interactions with customers, clients, and attainment of sales objectives. It is a mutually beneficial relationship built upon a foundation of trust and loyalty through marketing, distribution and customer service programs. This study examines the link between distribution management strategies and sales performance of Soft Drinks Distributing Firms. The fierce competition of soft drink distributors in today's business setting has forced them to seek long-term profitable distribution management strategies. The study used a simple regression model to regress on sales performance on variables representing distribution management strategies namely, channel design and channel administration. The main finding of this study is that channel design and channel administration have positive impact on sales performance respectively. Channel administration

programs appear to be the main driver for sales performance. This study concludes that Soft drink distributing firms need to master these socially complex potentials effectively and turn them into competitive advantage by associating sales performance with distribution management strategic architecture.

**Keywords:** Distribution management strategies, Rivers State, Sales performance, Soft drink distributors.

**Paper type:** Research paper

## INTRODUCTION

Marketing engrosses an elaborate filament of affiliations and exchanges among the diverse divisions of a business (Kansal & Kapoor, 2003). A first-rate distribution set of connections generates a physically powerful competitive improvement for a business (Piercy & Carvens, 2006). To style a competitive epoch in the fashionable marketing state of affairs, developing valuable distribution system is requisite for the organizations engaged in product distribution. Distribution management make obvious how this total procedure can be dealt with so as to strengthen the competence of a company with its channel members (Kansal & Kapoor, 2003). Mossman and Morton (1965). Noted that distribution management is the operation, which produce time, place and form utility through the movement of goods and persons from one position to another (Mossman &

Distribution management strategy is a concept for managing a company's interactions with customers, clients, and attainment of sales objectives. It involves dealing with the physical movement of products and the selection and management of the channel through which the product move from the point of origin to the ultimate user. To attain success in operation, many organizations feature various marketing intermediaries that perform a variety of marketing functions to enhance sales. Therefore, distribution is an issue of strategic business and process rather than a technical one.

Soft drinks are accepted invigorating drinks, age, gender and race notwithstanding. Soft drinks are predominantly well-liked in Nigeria where enormous celebrations occur frequently. However, Nigeria is also a good market for soft drinks and the consumption pattern of soft drink products in Nigeria has been pleasing to the eyes. To supply the home market suitably, well-organized distribution arrangements are the important issue for the soft drink distributors.

Broadly, the notion of distribution refers to where and how product and services are to be presented for sale, all necessary mechanism and logistical supports for the transportation of goods and services as well as transference of ownership of goods and services to the

customers (Stern et al, 2006). A successful marketing channel makes certain that a preferred product is distributed in a preferred amount to a preferred channel to satisfy the preferred consumer (Kotler & Keller, 2009). The study underscores the distribution management strategies of soft drink dealers in Rivers State of Nigeria.

The paper is structured as follows: The literature review outlines previous findings on distribution management strategies, the interrelationship between distribution management strategies and sales performance. The empirical part of the paper describes previous works on distribution management strategies and sales performance. and analysis of survey data. The paper concludes with a discussion of the results, managerial implications, limitations of the study and suggestions for further research.

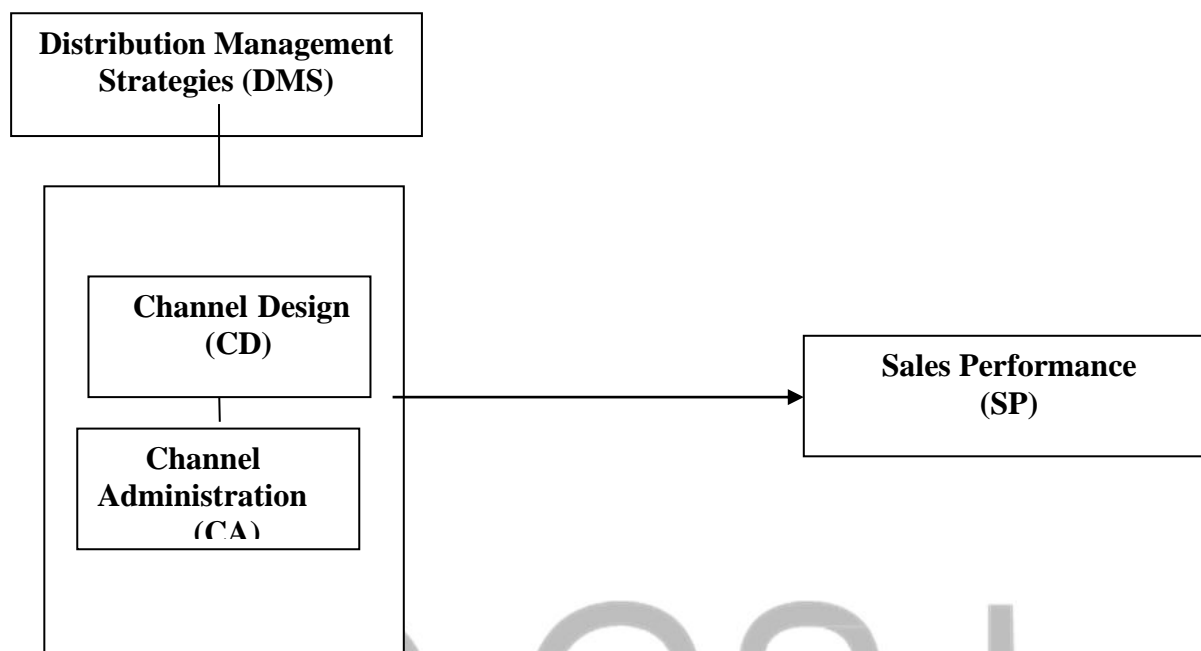
### **Statement of the Problem**

It is obvious that the distributors and the retailers of soft drink products play an effective role in influencing the ultimate customers in their buying behavior. Lots of firms in the industry are still struggling to achieve satisfactory sales performance. Hence, they face challenges and thrash about for the sustenance of their brands in the market. The Nigerian soft drink industry is not new to the significance of constructing effectual distribution management strategies to improve competitiveness and sales performance.

The main idea of this study is to explore the soft drink operators' distribution management strategies and how they predict sales performance. Thus, this study explores the effect of distribution management strategies on sales performance in soft drink distributing firms in Rivers State of Nigeria.

### **RESEARCH FRAMEWORK**

Figure 1 presents the distribution management strategies and sales performance framework developed in this research. The framework proposes that distribution management strategies will have an impact on sales performance both directly and also indirectly through channel design and channel administration. Distribution management strategy is conceptualized as a two-dimensional construct. The two dimensions are channel design and channel administration.



**Figure 1:** Influence of Distribution Management strategies on Sales Performance.

### **The Concept of Distribution Management Strategies**

Distribution serves as one of the well-built verifier of successful supply chain management system in recent times. Efficient distribution is the route which establishes the unsurpassed positioning of finished goods, inventories and decides on the suitable modes of transportation for allocating the exterior supply chain (Krajewski & Ritzman, 2000). Outstandingly, efficient distribution management absorbs two operational areas: Selection of the channel of distribution and Physical distribution (Banerjee1981). A marketing channel is the conduit a product or service passes through as it travels from the manufacturer to the ultimate consumer of the product (Rolnicki, 1998). Efficient distribution management is a supportive marketing approach in which manufacturers expand their direct and indirect channels of distribution to arrive at diverse fragments more resourcefully and successfully (Brigham & Gomes, 2001). Distribution management engrosses the progress of policies and procedures to achieve and preserve the collaboration of institutions within the distribution channels. (Boyd & Walker, 2002).

### **The Concept of Sales Performance**

Sales pass on as dealings, linking two parties where the buyer take delivery of goods (tangible or intangible), services and/or assets in exchange for money (Hutt & Speh, 2013). In all facets of business, all manufacturer/supplier have got to perk up sales performance, reduce selling cost, and assure their continued existence (Dean, 2015). Scrutinizing sales performance permit managers to make changes in order to optimize future sales (Farris et al., 2010).

Sales performance is a blend of sales effectiveness - the aptitude of a company's sales force to be successful at each point of the customer's buying process, and in due course bring in the business on the right conditions and in the accurate moment in time, surrounding and sales efficiency - the velocity at which each job in the sales route is performed (Farris et al., 2010; Treace, 2012; Rogers, 2014; Dean, 2015).

Cournoyer (2014) proposed guidelines to think about in optimizing sales performance: 1) Provide resources that commune company's message, construct an ordinary sales toolkit for associates to make certain that the whole lot enable them to transmit company's value proposition and speed up sales growth; 2) Modularize company packaging for each phase of the buying process.

## RESEARCH METHODOLOGY

The fundamental objective of the study is to investigate the effect of distribution management strategies on sales performance. The study adopted the construct put together by previous studies to confine distribution management strategies. The study's foremost hypothesis is that distribution management strategies have a positive impact on sales performance. Conversely the study endeavor to quantify the significance of each constituent of distribution management strategies and the effect they have on sales performance. The distribution management strategies used in the study are: channel design and channel administration used on sales performance. Sales performance (dependent variable) was regressed on channel design and channel administration (independent variables) using a simple regression model. The standard model is:  
$$SP = \beta_0 + \beta_1 CD + \beta_2 CA + e$$

Where SP the vector of dependent variable, CD and CA is is the vector of independent variables, and e represents the error term. The study came up with two models: Model 1: sales performance = F(CA) Model 2: Sales performance = f(CS) where, in both models CD, and CA respectively represents channel design and channel administration. The Data were obtained from soft drink dealers in Rivers State. A total of 264 questionnaires were sent to managers and employees of different soft drink distributing firms. The return rate of questionnaires was 70.4% leaving us with a sample of 200 respondents. Questions were asked on the types of distribution management strategies used in the soft drink

distribution firms and how those strategies affect sales performance. A Likert scale-type questionnaire was used with responses ranging from 1 to 5 (1= strongly agree; 2 = agree; 3 = disagree; 4 = strongly disagree; 5 = no opinion).

## RESULTS AND INTERPRETATION.

### Influence of Channel Design on Sales performance

**H<sub>01</sub>:** Channel design does not significantly influence sales performance.

**H<sub>1</sub>:** Channel design significantly influences sales performance.

**Table 1: Influence of Channel Design on Sales performance (N=200).**

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	.810	.656	.653	.50668

a. Predictors: (Constant), Channel design

b. Dependent Variable: Sales performance

Since for hypothesis two, the significant is .000 which is less than 0.05; there is a significant, influence of channel design on sales performance with the R (Coefficient of Correlation) that there is 81% direct relationship between channel design and sales performance. R-square value of .65.6% shows that channel design can influence sales performance to a high degree. The researcher also used ANOVA to test the hypothesis in this section. The results were presented in table 2.

**Table 2: One way ANOVA for the difference in mean between Channel Design and Sales Performance (N=200).**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	55.771	1	55771	281.139	.0000
Within Groups	23.849	199	257		
Total	100.94	200			

a. dependent variable: Sales performance

b. Predictor: Channel design

Table 2 shows that there is difference in mean between channel design and sales performance  $F(dfB,dfw) = F(199,1) = 281.139$ ,  $p < 0.05$ . Significant value is 0.01,  $r(1,199)$ . This agrees with the regression result in table 1.

### Influence of Channel Administration on Sales Performance

**H<sub>0</sub>2:** Channel administration does not significantly influence sales performance.

**H<sub>2</sub>:** Channel administration significantly influences sales performance.

**Table 3: Influence of Channel Administration on Sales Performance (N=200).**

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	.983	.963	.963	2.6751

a. Predictors: (Constant), Channel administration

b. Dependent Variable: Sales performance

Since for hypothesis two, the significant is .000 which is less than 0.05; there is a significant, influence of channel administration on sales performance with the R (Coefficient of Correlation) that there is 98.3% direct relationship between channel administration and sales performance. R-square value of 96.3% shows that channel administration can influence sales performance to a high degree. 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 Channel Administration and Sales Performance (N=200).**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	0.63	1	0.63	233.264	.0000
With in Groups	.002	199	.000		
Total	0.66	200			

a. dependent variable: Sales performance

b. Predictor: Channel administration

Table 4. Shows that there is difference in mean between channel administration and sales performance  $F(dfB,dfw) = F(199,1) = 233.264, p < 0.05$ . Significant value is 0.01,  $r(1,199)$ . This agrees with the regression result in table 3.

## **DISCUSSIONS**

The results of the empirical study suggest that channel design and channel administration each have a significant effect on sales performance. Further, as hypothesized channel administration has the most interactive effect on sales performance. The role of channel design and channel administration as independent variables interacting with sales performance was highly supported. One possible reason for this high interaction effect of channel design and channel administration on sales performance could be due to the fact that there was no time delay between the presentation of orders to the dealers and their performance of the task. This lack of a time gap could have led to enough solidification of the encoded strategies, and therefore could have contributed to the sufficient significant and positive influence of the independent variables on the dependent variable. Palmatier et al, (2008) also argues that when a company's sales channels becomes conscious of their full potentials, they not only enhance revenue and share but also generate a high performance business hauling collectively for burst through fiscal outcomes. Drawing on this, the study believes that the effect of distribution management strategies will become more pronounced when channel design and channel administration are acknowledged and practiced intensely. These results mitigate Hutt and Speh (2013) assertion that if a company yearn for putting together tough and advantageous interactions within its marketing channels, the firm's strategies ought to be attached to the potentials and aspirations of its distributors, representatives and suppliers.

## **CONCLUDING REMARKS**

The main objective of the paper was to investigate the impact of distribution management strategies on sales performance for soft drink distributors in Rivers State of Nigeria. In this research we find convincing evidence that distribution management strategies have a positive effect on sales performance. The coefficients for elements of distribution management strategies are positive and significant. More importantly, there is an evidence of channel design and channel administration having positive effect on sales performance. Channel administration programs seem to have the most effective impact on sales performance. However, they add credence to the belief that distribution management strategies alone do not add value to efficient management of soft drink distributors. This is paramount because although soft drink distributing firms are under constant pressure to engage in a plethora of distribution management initiatives, few have the potential to use those initiatives to create positions of sustained measurable advantage. Soft drink distributing firms need to master these socially complex potentials effectively and turn them into competitive advantage by associating sales performance with distribution management strategic architecture.



## **Contributions**

Overall, the study believes that the study makes some significant contributions to both the literature on distribution management strategies and sales performance. Specifically, the study informs prior and limited research on the role of distribution management strategies, draws on more contemporary literature on distribution management strategies and illustrates its effect on sales performance of soft drink distributing firms, which the study believe, has not been scrutinized before.

Based on a controlled, empirical analysis, our study indicates that the critical role of the dimensions of distribution management strategies (i.e., channel design and channel administration) on sales performance makes an important contribution to the rich body of marketing strategy literature, where the impact of distribution management strategies on sales performance have been established.

## **Practical Implications**

We believe that our study results in some important practical contributions, especially in the context of distribution management strategies and sales performance in organizations.

## **Recommendations**

Based on the findings of the study, we proffered the following recommendations:

1. Distributors of soft drinks should position strategically, the components of distribution management strategies identified by this study to sale performance, since the study disclosed statistically remarkable connections between them.
2. Distributors of soft drinks should be skilled in packaging channel administration. This implication is necessary because the study revealed that channel administration was most significant in predicting sales performance of soft drink operators in Rivers State.

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