
DISTRIBUTION STRATEGIES AND MARKETING PERFORMANCE: A FOCUS ON BREWERIES IN NIGERIA

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ABSTRACT

This study examined distribution strategies and marketing performance of breweries in Nigeria. The study adopted the descriptive survey research. The population of the study comprised employees of Nigeria Breweries Plc, Enugu, West Africa Breweries Limited, Lagos, International Breweries Plc, Onitsha, and Guinness Nigeria Plc, Benin-City. The number of staff in these breweries was given as 443. Therefore, 210 respondents were taken as adequate sample size for the study. A stratified sampling technique was used. The study was driven by primary and secondary data. The data were analyzed using correlation and regression analysis as analytical tools. The study found that distribution strategies (Channel structure, exclusive distribution, intensive distribution and selective distribution) influence marketing performance of breweries in Nigeria. The study concluded that marketing performance of breweries in Nigeria depend on distribution strategies (channel structure, exclusive distribution, intensive distribution and selective distribution). The study therefore recommends that breweries in Nigeria that seek improved marketing performance should adopt channel structure, exclusive distribution, intensive distribution and selective distribution to move their products to buyers.

Keywords: Distribution strategies, exclusive distribution, marketing performance, selective distribution

INTRODUCTION

The gap between producers and consumers is increasing being bridged by advances in information and communication technology that is equally playing crucial roles expanding economies and enabling firms to meet societies' needs. The main driver of companies' operations and always been profitably selling goods and services that satisfy customers and that also ensures efficient operation. The growth of distribution channels was necessitated by companies' need to move products to consumers. Every manufacturer needs consumers to be in business, yet there is little chance that manufacturers will be able to reach every consumer without the assistance of channel intermediaries (Ehikwe, 2012). This is because consumers are often geographically dispersed. Firms thus create distribution structures that allow them to reach consumers irrespective of how far away they be from a firm's production site. The success of a firms products in the market depends on how these distribution structures are, and how they align with environmental conditions (Akinyele, 2010).

A significant portion of global economic activities and practices include the use of distribution channel strategies to transmit goods and services from producers to consumers (Bronnenberg & Ellickson, 2020). This makes up a significant amount of economic activity in contemporary countries, assisting in the growth and success of global and national economies (Nyberg, 2019). However, rising consumer demand and intensity of rivalry among firms have

made it rather challenging for firms to attain and maintain dominant market positions. Channel strategy accounts for how firms gain or lose market positions in highly competitive industries. Hence, a firm must comprehend the competitive landscape for each product in their product portfolio in order to compete successfully. Harrison and Hoek (2008) states that a key benefit of a well-considered distribution strategy is that it gives product maximum market exposure at a low cost.

Producers, especially breweries, sell through wholesale and retail channels. However, it is important to recognize the variables that impact how well or poorly, breweries performs. If breweries are having trouble, they have to figure out why, so that they can develop strategies for a better future. On the other hand, a thriving industry has to know what the key drivers of its development are and how to maintain its competitive edge in the future. The purpose of the distribution function is to effectively deliver products to final consumers efficiently; and also provide products to consumers in practical forms, quantities, sizes, styles, and shapes.

By itself, distribution strategies provides a vision of how resources should be used to create channels that connects producers to consumers, and make product and related services available to the target markets. It is concerned with creating effective channel arrangements that can be used to make products available to customers, by deciding the channel structures and channel intermediaries through which to move products effectively to meet customers' needs and wants. However, it is crucial a firm's distribution channels and strategies create advantages form them by making their products visible, available and accessible to consumers all the time. To do this, it is necessary to use more effectively efficient physical distribution pattern, which may include properly positioned field sales representatives and institutional product distribution systems (Nwokoye, 2000).

Around the world, an increasing number of sectors are realizing that traditional methods of distributing products have become ineffective; orthodox channels appear overpriced and undervalued. They neither satisfy customers nor enable firms achieve their objectives. This challenge is even worse in the Nigerian situation where weak infrastructure characterize the operating environment. The country's poor road networks negatively impact the efficacy and efficiency of product delivery. The industry's distribution strategy is also impacted by high cost of transportation.

Breweries in Nigerian are beset by issues relating to how to (1) deliver products to buyers timeously, (2) maintain optimal inventory level, (3) use warehouse space efficiently while incurring the lowest possible carrying costs, (4) lower overall distribution expenses, and (5) increase customer satisfaction. Breweries in Nigeria thus require a new template to help them choose sales and distribution channels that offer the potential for competitive advantage while also better aligning channel costs with value. All of these things are possible by choosing the right distribution channel strategy. The overarching objective of this study is therefore, to evaluate the efficacy of distribution channel strategies and to examine the link between distribution channel strategies and marketing performance. The specific objectives are to examine the extent to which:

- a) Channel structure influence marketing performance of breweries in Nigeria.
- b) Physical distribution affect marketing performance of breweries in Nigeria.
- c) Exclusive distribution affect marketing performance of breweries in Nigeria.
- d) Selective distribution on marketing performance of breweries in Nigeria.

The study was guided by the following hypotheses:

Ho₁: Channel structure does not significantly influence marketing performance of breweries in Nigeria.

Ho₂: Physical distribution structure does not significantly marketing performance of breweries in Nigeria.

Ho₃: Exclusive distribution affect marketing performance of breweries in Nigeria.

Ho₄: Selective distribution on marketing performance of breweries in Nigeria.

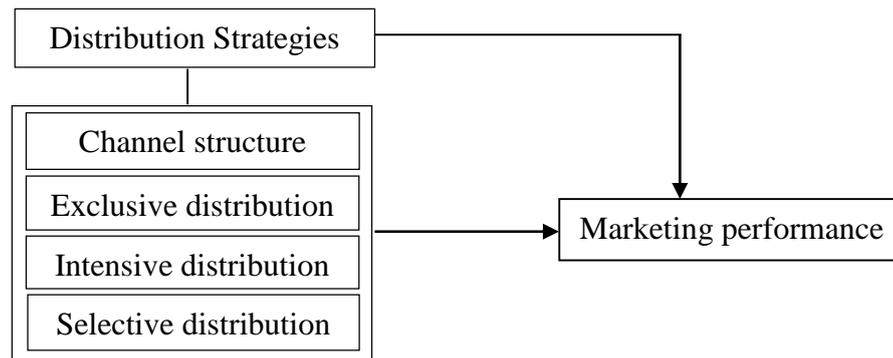


Fig.1: Conceptual model of distribution strategies and marketing performance

Source: Researcher's Model (2022).

LITERATURE REVIEW

Distribution Strategy

A crucial choice that makers of products make is the distribution channel through which to sell their products. The firm must consider its objectives and customers' expectations before deciding on a distribution plan. A distribution strategy's goal is to increase market share, cut costs, and increase sales and profit. Regardless of the goal supporting the distribution plan, the company must make efforts to provide customers with convenience. Convenience describes consumer's perception of limited non-monetary resources such as of effort, time and comfort expended in the process of shopping (Berry et al., 2002, as cited in Ateke & Ebenuwa, 2022).

Providing convenient shopping experience is essential to firms that seek to prosper, and to endure in business. By provide ultimate consumers with goods or services they desire at the lowest possible cost, in the location, timing, and quantity they choose (Solomon et al., 2009), firms are invariably providing customers with convenience. Achison (2019) argue firms must establish the customer group(s) they seek to attract with its products before deciding on the distribution strategy to adopt, for effective channel network. This is so that firms' distribution networks can differ.

The oft mentioned distribution channel strategies include exclusive distribution, intensive distribution and selective distribution. However, this study considers channel structure as an important distribution channel decision, and therefore includes it as a measure of distribution channel strategies.

Exclusive distribution

Manufacturers and distributors often use exclusive distribution as a distribution strategy. In contrast to other distribution methods, in this situation, distributors are given sole authority to sell the company's goods in a specified geographic area. To maintain its dominance in a market, the firm limits the quantity of products a merchant may provide (Kirpalani, 2004). Exclusive distributors often enter into contract with producers, promising not to sell competing products. Producers gain since they have complete control over how their products

are distributed. The product's exclusivity may be global, or occasionally, may apply only to a certain region or market.

Intensive distribution

In intensive distribution, producers employ several channels to distribute their goods and reach their target market(s). When producers decide to disseminate their goods through as many channels intermediaries as possible, this policy is employed. The goal of this strategy is often to make the firm's products spread throughout a wide geographic region, so that end-users (customers) do not experience any form of scarcity (Offiongodon, 2019). A corporation can employ all of the potential venues to sell its products under an intensive distribution plan. Both sales and brand awareness of the product are increased. When it comes to things like soft drinks, cigarettes, etc., this technique is especially helpful. Intensive distribution has a number of benefits, including the ability to boost sales at certain places. It also enhances marketing efforts to raise brand recognition.

Selective distribution

Selective distribution is a strategy in which just a few channel intermediaries are selected to distribute a firm's product. It differs from intense distribution in that not every outlet is targeted, and from exclusive distribution, which uses only one outlet. A select few outlets are chosen based on their predicted potential, and they are then granted permission to stock and sell the firm's products. A compromise between intensive and exclusive distribution is selective distribution (McCarthy, 2017). Clothing from several companies, for instance, may be supplied in a chosen manner. The corporation specifies the requirements or criteria for distributors of its products, and only distributors who satisfy these requirements are appointed to distribute the company's goods.

Channel structure

Channel-structure refers to the number of intermediaries that may be engaged in transporting goods from manufacturers to buyers. An organization may agree to distribute its products directly to consumers or merchants (Nwokoye, 2013). This tactic, which can be referred to as a direct distribution approach, represents the shortest channel (Artman, 2000). As an alternative, products may flow through one or more middlemen, such wholesalers or agents. There are several things to take into account when developing a distribution route. One of them is how near the target market is, to the firm. The other is the company's intentions for growth and how growth would necessitate a wider distribution network. In order to create a distribution strategy, a business must choose its channel structure. There are four different types of channel topologies where different degrees of control and management are implemented through integration (Hollensen & Opresnik, 2020). These include multichannel, vertical, horizontal, and conventional marketing channels.

Marketing Performance

Ateke and Akani (2018) describes marketing performance as the health of a firm as an outcome of marketing programmes and activities measured against stated marketing objectives or compared to the health of competing firms. It is a measure of the extent to which the firm achieves its marketing objectives. In the view of Dop and & Racolta-Paina (2013), marketing performance represents outcome of marketing efforts using certain indicators. According to Homburg et al. (2007), marketing performance is the efficacy and efficiency of an organization's marketing initiatives in relation to market-related objectives including revenues, growth, and market share.

Marketing is the cynosure in business organisations and has been pressured to regularly evaluate its performance in relation to its programmes and activities; and several marketing performance measures that aims to assess the impact of marketing actions (Ateke & Akani, 2018). Morgan et al. (2002) contends that effectiveness, efficiency, and flexibility are three-important measures of marketing performance. The requirement to defend a company's marketing investments or expenditures is becoming more pressing for marketing professionals as one of the many components of organisational success (Gao, 2010; McManus, 2004). The degree to which certain marketing initiatives assist a corporation in achieving its business goal is important when relating marketing performance to assessments of effectiveness (Ambler et al., 2001).

From the standpoint of efficiency, it pertains to the link between marketing outputs, like sales, and the resources put into marketing, including marketing costs, knowledge and technology, and man-hours, with the goal of maximizing output (Emam, 2011). Additionally, marketing performance is concerned with the ratio of marketing outcomes to marketing expenditure from the standpoint of productivity (Sheth, 2002). Over time, viewpoints on measuring marketing performance have changed from using financial measurements to non-financial ones (Gao, 2010).

Literature reveals that normative and contextual techniques may be used to measure marketing performance (Blenkinsop & Burns, 2012; Morgan et al., 2014). The chain-like mechanism through which marketing initiatives result in financial success is described by the normative approach (Morgan et al., 2012; Rust et al., 2014). Simply expressed, the normative approach defines marketing success as comprising sequential effects, such as customer, market, financial, and firm value impacts (Rust et al., 2014). However, when considering contextual approach from the standpoint of contingency theory, optimal marketing performance assessment system is one that is tailored to the objectives, strategy, structure, and environment of the business (Stathakopoulos, 2018).

Theoretical Framework of Study

This study relies on depot theory (Aspinwall, 2015 which describes flows in the distribution channel. The theory concerns itself with how quickly flows must travel in order to overcome separations, and match demand and supply from buyers and sellers? The rate at which products are consumed is determined by how often they need to be replaced. Replacement rate is inversely related to profit margin, services required, search time, and consumption time (Aspinwall, 2015). Therefore, understanding replacement rate gives knowledge of other factors affecting flow rate.

METHODOLOGY

This study adopted a descriptive research design. Descriptive research design is employed for gathering information on attitude, habit or any other kind of education or societal issues and the design reports the way things are at now. The participants in this study are staff of four breweries in Nigeria: Nigerian Breweries Plc in Enugu, West Africa Breweries Limited in Lagos, International Breweries Plc in Onitsha, and Guinness Nigeria Plc in Benin-City. There are 443 respondents in total. The researchers chose two hundred and ten (210) respondents using simple random selection to determine the study's sample size. These respondents included those who were actively involved in, and are knowledgeable about sales and distribution operations. Two hundred ten (210) questionnaires were given to the responders in total. Primary data were gathered from respondents and analyzed using Pearson Product Moment Correlation. The SPSS Software version 22.0 facilitated the data analyses.

RESULTS AND DISCUSSION

Table 1: Correlation between dimensions of distribution strategies and marketing performance

		Correlations				
		Channel Structure	Intensive Distribution	Exclusive Distribution	Selective Distribution	Marketing Performance
Channel Structure	Pearson Correlation	1	.421**	.383**	.198**	.641**
	Sig. (2-tailed)		.000	.000	.006	.000
	N	190	190	190	190	190
Intensive Distribution	Pearson Correlation	.421**	1	.487**	.291**	.375**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	190	190	190	190	190
Exclusive Distribution	Pearson Correlation	.383**	.487**	1	.294**	.294**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	190	190	190	190	190
Selective Distribution	Pearson Correlation	.198**	.291**	.294**	1	.262**
	Sig. (2-tailed)	.006	.000	.000		.000
	N	190	190	190	190	190
Marketing Performance	Pearson Correlation	.641**	.375**	.294**	.262**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	190	190	190	190	190

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field survey (2022)

According to Table 1, there is a correlation of 0.641 between channel structure and marketing performance. This means that there is a positive association between channel structure and marketing performance of 64.1%, as indicated by the r value of 0.641 on a number line of 100%. Similarly, the correlation between intensive distribution and marketing performance is given as 0.375; this implies that there is a weak positive relationship between intensive distribution and marketing performance of 37.5% as indicated by the r value showing 0.375 on a number line of 100%.

Furthermore, the correlation between exclusive distribution and marketing success is presented as 0.294; this implies that there is a weak positive association between exclusive distribution and marketing performance of 29.4% as indicated by the r value indicating 0.294 on a number line of 100%. Lastly, the correlation between selective distribution and marketing performance is given as 0.262. This implies that there is a weak positive relationship between selective distribution and marketing performance, with r value of 0.262 indicating a relationship of 26.2% on a number line of 100%.

Table 2: Regression Analysis for dimensions of distribution strategies and marketing performance

		Coefficients ^a			T	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	3.607	1.328		2.717	.477
	channel structure strategy	.564	.061	.580	9.285	.000
	physical distribution strategies	.129	.067	.103	1.544	.004
	exclusive distribution	.297	.066	.314	2.218	.002
	Social media communication	.131	.063	.122	2.077	.003

a. Dependent Variable: marketing performance

Source: Field survey (2022)

The result from the regression analysis on table 2 showed that channel structure strategy exhibit significant effects on marketing performance ($\beta = 0.000$, $P < 0.05$). Physical distribution strategies exhibit significant effects on marketing performance ($\beta = 0.004$, $P < 0.05$), exclusive distribution significant effects on marketing performance ($\beta = 0.002$, $P < 0.05$), selective distribution exhibit significant effects on marketing performance ($\beta = 0.003$, $P < 0.05$).

Table 3: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.662 ^a	.438	.426	1.5587

a. Predictors: (Constant), channel structure, intensive distribution, exclusive distribution selective distribution

Source: Field Survey (2021).

Table 3 revealed the extent to which effective distribution strategies accounted for change in marketing performance as indicated by the adjusted R Squared value which showed that 42.6% (0.426) of the change in marketing performance is brought about by effective distribution strategies.

DISCUSSION OF FINDINGS

Channel structure and marketing performance

According to Table 2, there was a substantial positive link between channel structure and marketing success, with the unstandardized Beta value ($=.564$, $p = 0.000$) reflecting this relationship. Additionally, the findings in Table 3 demonstrates that differences in channel structure explain for.426 (42.6%) of the variability in marketing success. However, the outcome of the experiment shows that channel structure and marketing success are positively and significantly correlated. This result is consistent with Hollensen and Opresnik's (2020) assertion that channel structure is based on the location of stocks that must be kept in order to provide acceptable customer service, complete necessary sorting operations, and yet provide channel members with a satisfactory return. As a result, the corporate climate has undergone substantial changes throughout time. These modifications have had a significant impact on distribution organisation, increasing the complexity of the channel structure and the value of the relationships between the parties involved (Kazmi 2007; Panda 2019).

Intensive distribution and marketing performance

The unstandardized Beta value ($=.129$, $p=0.004$, and $p0.05$) for the regression analysis for intensive distribution, which showed a positive link with marketing success, is shown in Table 2. However, the outcome of the experiment shows that there is a strong and positive correlation between marketing effectiveness and intensive distribution. Bowersox (2020), who asserted that the significance of intensive distribution is based on its connection to customer happiness, argues in favour of this. Small company owners may ensure their continuous success in a quickly evolving, cutthroat global market by keeping products in handy places for distribution to wholesalers and retailers and by developing quick, dependable ways of transferring the items.

Exclusive distribution and marketing performance

Table 2 also demonstrates the results of the regression analysis for the case of exclusive distribution, which demonstrated a strong positive link with marketing success, with the unstandardized Beta value ($=.297$, $p= 0.002$, suggesting $p 0.05$) as the outcome. The conclusion of the experiment suggests a favorable and significant association between

exclusive distribution and marketing effectiveness, nevertheless. This result is consistent with Adam's (2019) assertion that a corporation should determine the target customer group it hopes to attract with its products before deciding on the distribution strategy to use for an effective channel network. For the sake of maintaining a dominating position in the market, the firm may also restrict the assortment of goods that a merchant can provide.

The existence of this kind of agreement, however, might also have a detrimental impact on such pleasure. As a result, Dwyer (2019) found that relationship satisfaction is positively correlated with the channel member's perceived amount of influence over decision-making regions. It is believed that an exclusive dealing agreement will be associated with poorer distributor satisfaction since it means that the distributor is giving up control of the product selection to the supplier. However, according to other writers, like Eyuboglu et al. (2019), these agreements enhance the distributor's dependency on the supplier and the supplier's power to influence his performance, which has a detrimental impact on the distributor's happiness.

Selective distribution and marketing performance

The results of the regression analysis for selective distribution are shown in Table 2, which also provides the unstandardized Beta value ($=.131, p0.004$). This distribution method showed a positive association with marketing performance. However, the outcome of the experiment shows that there is a positive and substantial association between marketing effectiveness and selective distribution. This result supports Doyle and Stern's (2020) claim that the complexity of channel management, control, and collaboration, as well as the likelihood of channel conflict, are all negative effects of having several channels. Therefore, businesses should carefully organise their channel topologies, determining which tasks each channel should accomplish, before introducing MMS or adding an additional channel.

CONCLUSION AND RECOMMENDATIONS

The organization's overall distribution strategy, which determines how to distribute its goods, is dependent upon the goods and target markets it intends to target. The study also came to the conclusion that channel structure has a minor impact on marketing success. Breweries in Nigeria use distribution tactics to make goods available to target consumers. Products for customer convenience are distributed via intensive distribution. The results of empirical analyses conducted in this study show that distribution strategies have significant impact on marketing performance of breweries in Nigeria. The study thus recommends that breweries in Nigeria that desire improved marketing performance should devise appropriate channel structure, and adopt exclusive, intensive and selective distribution strategies.

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