



**FACTORS INFLUENCING THE DISTRIBUTION CHANNEL PERFORMANCE OF
KENYA WINE AGENCIES LIMITED PRODUCTS WITHIN SUPERMARKETS**

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ABSTRACT

The wine industry in the world market has been experiencing a period of a substantial growth and change. Marketing channels of wines are develop and operate in complex environment that is continually changing as they are influenced by macro environmental forces or variables such as consumer buying behavior, economic, political and legal factors, technological changes, international macro influences and channel member preferences. These changes have posed a competitive threat to KWAL in Kenya and contributed to loss in its market share to competitors. This study therefore aimed at surveying factors influencing the distribution channel performance of KWAL with a view to building the distributor/customer relationship and attaining the competitive advantage. The study was guided by two objectives those are; to assess the distribution channel performance in the wine industry and to determine the factors influencing the distribution channels performance in the wine industry, among the supermarket outlets in Kenya. It was designed to capture data on the performance of KWAL distribution channels. The survey research was found appropriate as it required the collection of quantifiable information from the sample. Since it was a survey research, both the structured and self administered questionnaires were used to collect the data. The responses from the questionnaires were checked for the completeness and the Statistical Package for social sciences was used to analyze the results of the questionnaire. The study also concludes that factors significantly affecting KWAL distribution channels are economic, poor public awareness and competition. Others were like Managerial challenges, legal, technological and social-cultural issues. From the findings and recommendations, the study recommends that factors that greatly affect performance of distribution channels of KWAL products in supermarket outlet were economic factors and poor public awareness. The study also recommends that KWAL Company should segment its market to easily influence the performance of its distribution channel in supermarkets in Kenya. The study also recommends allocation of more resources and improving public awareness.

Key Word: Marketing Channels, Distribution Channels, Performance and Competitive Advantage.

INTRODUCTION

Background of the study

The wine industry in the world market has been experiencing a period of a substantial growth and change since the mid-1980s, wine has been the market's most lucrative product, its sales account for 78.9% of the world's market value. The global wine market grew by 1.9% in the 2004 to reach a volume of 18.7 billion litres whose value was \$147.5 billion (Business Wire, 2007).The global wine market generated total revenues of \$213.8 billion in 2005, this representing a compound annual growth rate (CAGR) of 2.6% for the five-year period spanning 2001-2005. Market consumption volumes increased with a CAGR of 1.2% from

2001-2005, to reach a total of 18.9 billion liters in 2005 (Business Wire, 2007). Europe has been the world's largest wine market and accounts for 73.4% of the global market's revenue. The US generates a further 14.3% of the global markets value. Changes in the consumer market and development within retail and distribution channels have dramatically altered the business environment for all wineries, offering multiple benefits for some and significant challenges for others (Jenster & Jenster, 1993).

Overproduction by New World wine producers has pushed down prices over the last few years, taking a major toll on producers' margins. But a growing trend towards premium wines could save the day, in both established and emerging markets, suggests a new report. The latest Euro monitor research on the global wine industry shows that overproduction in the New World had a significant impact on pricing, with producers forced to cut prices in order to offload more of their wine. The UK, the largest export market for six of the largest New World producing countries (the US, Argentina, Chile, Australia, New Zealand and South Africa, was one of several beneficiaries of heavy discounting and price promotional activity between 1998 and 2003. According to industry experts, around 60 per cent of all still wine sold in the UK off-trade is on price promotion - good news for drinkers, but not so good for wine makers. The increasing importance of premium wines is also reflected by the moves of the major spirits groups such as Diageo and Allied Domecq to expand their portfolios in recent years - premium wines have truly become big business (Euro monitor International PLC, 2004).

Supermarkets and hypermarkets also form a significant outlet for the wine marketing in the in Asia-Pacific, holding the remaining 28.1% of the market distribution. In the 56.7% of the market sales are distributed through on- trade retailers. Supermarkets and hypermarkets hold 19.3% of the remaining market distribution. In some countries, like Australia wine is not sold legally in supermarkets, but over 50% of the specialist retailers are owned by the major supermarket chains (Jenster & Jenster, 1993). These facts should indicate that wine is a fast moving consumer good.

Wines especially from New World are branded and well packaged. The information in the packaging influence purchase, e.g. the region, sub-region and country of origin, vintage, the grape variety or blend, the producer (blender of wines), style of fermentation (e.g. bottle fermentation, late harvest), the wine maker, and the specific vineyard. The result is that consumer choice for wine is more complex than choice for many other products (Thomas, 2000). Producing products that customers want, pricing them correctly and developing well designed promotional plans are necessary but not sufficient conditions for consumer satisfaction. The final art of the jigsaw is distribution, the place element of the marketing mix.

Products need to be available in adequate quantities, in convenient locations and at times when customers want to buy (Kotler et al., 2001).

Factors Influencing the Distribution Channel Performance

Marketing channels develop and operate in complex environment that is continually changing. The changes have major effects on the marketing channels. According to Rolnicki (1998) every channel is influenced by macro environmental forces or variables such as consumer buying behavior, economic, political and legal factors, technological changes, international macro influences and channel member preferences. Due to the dynamics nature of these factors, companies must frequently evaluate and monitor the performance of their distribution channels. The evaluation and monitoring has to be done regularly for better results. When performance goals are not met, other possible channel alternatives must be evaluated and changes implemented,

The fundamental challenge confronting channel managers in the face of these economic developments is to help channel managers weather difficult economic conditions. The competitive environment must include not only domestic but also global competition as well. The socio cultural environment has a significant impact on marketing channels because the structure of marketing channels reflects the socio cultural environment within which they exist. The technological environment must be monitored carefully to evaluate the effects of technological changes on marketing channels. Such developments as the internet, computerized inventory management, computer shopping etc. have had, and will continue to have, profound effects on marketing channel strategy. Also channel managers cannot ignore the political-legal environment, with its complex laws and continually changing precedents. Distribution strategy and its performance can also be shaped by how decisions are made in other marketing areas such as the product, price and promotion elements. The idea behind the channel in the distribution area is that a channel concept highlights the efficiency and effectiveness aspects of distributing goods and services (Wilders, 2006). Each of the elements in these channels has their own specific needs, which the manufacturer must take into consideration, along with those of the end customer (Stem et al., 2006).

Overview of Kenya Wine Agencies Limited

In Kenya the wine industry is quite competitive with' firms such as the East African Breweries, London Distillers, Africa Distillers, Global Beverages and Kenya Wines Agencies Limited (KWAL) trying to out compete each other. KWAL is a majority Government-owned Company, which was incorporated in May 1969 under the Companies Act (Cap 486) as a joint venture between the Government of Kenya through the Industrial and Commercial Development Corporation (ICDC) and private investors (IC Publications Ltd, 1994). Its aim was to consolidate importation and distribution of wines and spirits

from foreign owned companies and thus it has been the leading manufacturer and distributor of Wines and Spirits in Kenya and in the region.

Today KWAL manages extensive and varied portfolio of international and local brands, comprising variety of alcoholic beverages. This brand portfolio comprises Wines (the leading ones being Papaya, Yatta Red and White, Caprice, Vina Ventisquero and Drostdy-Hof among others), Spirits (top among them being Hunters Choice Whisky, Beehive Brandy, Viceroy Brandy and Amarula Cream Liquor among others) and Ready-to-Drink (RTD) beverages (led by Yatta Grape Juice, Tropical Breeze ICE and Kingfisher fruit wines among others) (IC Publications, 1994). Some of these brands are imported and bottled locally by KWAL under license, while others are produced locally. KWAL's distribution network is established through its major supermarkets, Restaurants/ hotels, wine shops and pubs or bars located in major cities and towns such as Mombasa, Nairobi, Kisumu and Nakuru in the country. There are delivery vans which supply to these destinations depending on the stock levels at its outlets. KWAL's role of consolidating importation and distribution of wines and spirits from foreign owned companies was effectively discharged until the liberalization of the economy in 1992/1993 when it lost its monopoly status. These changes combined with changes in distributor-customer relationships resulting from technology have posed a competitive threat to KWAL and has contributed to the loss in its market share (IC Publications Ltd, 1994).

Statement of the Problem

Often businesses recognized that ensuring channel effectiveness can be a complex and time consuming undertaking. Retail Managers and other distributors are constantly juggling daily challenges such as inventory shortages, supplier related issues, and staff training; all of which detract from their ability to focus on long-term business objectives such as planning and growth. They are also facing a much more complex risk environment for a host of different reasons. The most prominent include the domestic market saturation, subtle but crucial differences in local, national and regional tastes and behaviors, competitors with, inherent advantage, growing sophistication among others. These trends in the environment have altered the expected outcome of an economic action by changing the probability of achieving business objectives. Developing successful distribution strategy in today's fierce competitive environment is a complex undertaking. Market globalization and deregulation has intensified competitive rivalry and motivated manufacturers to re-examine their current strategies and inherent weakness of these strategies and their inability to address current challenges and opportunities (Stem et al. 2006). As the key channel member in direct contact with the consumer end-user, the retailer's actions are also critical to the success of the marketing channel. If they are successfully to program their operations for high- yield performance and if other channel members are going to play-significant roles in working with

the retailers to make the distribution of their products and services more effective and efficient, it is necessary that all parties to the process recognize emerging opportunities and impending constraints by performing environmental analysis. Thus, the need to examine macro-environmental factors such as technological, social- cultural, political and physical variables as well as internal variables or is necessary as they play important roles in influencing the channel structure and performance

However to get the wine to a consumer is one of the hardest issues a company is faced with. With a wave of new established labels all competing for sales, the wine producer and seller needs different options of how best to sell and distribute their wine. Will their brands suite a supermarket, a high street, group chain, or is it destined for independents? This consideration is borne of a number of factors such as volume, price sensitivity and an understanding of the patronage of each establishment. A major trend in the wine market has also been the growth in the size of the distributors through mergers and acquisitions. This large distributors or consortiums represents several competing manufacturers, acting more as purchasing agents for their customers than as representatives for a manufacturer (Kotler et al., 2001). These changes have posed a competitive threat to KWAL and contributed to lose in its market share to competitors (IC Publications Ltd, 1994). This study therefore aims at surveying factors influencing the distribution channel performance of KWAL with a view to building the distributor/customer relationship and attaining the competitive advantage.

Objectives of the study

1. To determine the factors influencing KWAL products distribution channels performance in the wine industry, among the supermarket outlets in Kenya
2. To establish the challenges affecting KWAL products distribution channel in supermarkets

LITERATURE REVIEW

The Concept of Distribution Channel

Marketing channels are sets of interdependent organizations involved in the process of making a product or service available for use or consumption (Kotler et al., 2001). The American marketing association defines channel of distribution as an organized network of agencies and institutions which, in combination, perform all the activities required to link producers with users to accomplish the marketing tasks. Different researchers have come up with different models to explain how distribution operates and the various operations that come into play. Distribution channels involve postponement and speculation, in which firms are involved in substitutability of marketing functions in order to create alternative channels and minimize costs. A distribution channel is not quite an economic entity, but a behavioral system in which the firms involved behave according to social imperatives, as goal seeking,

role defining, power exercising and information exercising entities (Rosenberg and Stern, 1970). In the external political economy organizations always operate within an environment (Stem et al., 2006). The environment of a distribution channel is a complex of economic, physical, cultural, demographic, psychological political and technological forces. Such forces are incorporated in the external economy (i.e. The prevailing and prospective economic environment) and the external polity (i.e. the external socio-political system in which the channel operates). The external economy of a distribution channel can be described by the nature of its vertical (input and output) and horizontal markets. The external polity can be described by the distribution and use of power resources among external actors (e.g. competitors, regulatory agencies, and trade associations). The external economic and socio-political forces interact and defined environmental conditions for the channel.

The external political economy, thus, influences the internal political economy through adaptation and interaction processes. Furthermore, channels not only adapt to the environments, but also influence and shape them. In the case of internal political economy framework, operating within each internal economic structure of a channel are certain internal economic processes or decision mechanisms. Thus, agreement on the terms of trade and the decision of marketing functions among channel members may be reached in impersonal, routine or habitual ways; through bargaining; or via centralized -planning processes. Because of the mutual dependencies which exist in channels, it is likely that conflict, in some form, will always be present. In addition, channels cannot exist without a minimum level of co-operation among the parties (Stem et al., 2006). The strategic profit model is used to evaluate and diagnose cost, efficiency, and profitability problems such as those that confront retailers and wholesalers (Stem et al., 2006). The model involves multiplying a company's profit margin by its rate of asset turnover and its leverage ratio to derive its rate of return on net worth (Rosenbloom, 1991). The relationship of reported net profit to sales indicates a management's ability to recover the cost of the merchandise or services, the expenses of operating the business and the cost of borrowed funds from revenues generated during a given period, as well as their adeptness in leaving a margin of reasonable compensation to the owners for providing their capital at risk. The ratio of net profit to sales essentially expresses the cost/ price effectiveness of the operation. Although the net profit margin shows how well the firm performs given a particular level of sales, it does not show how well the firm uses its resources at its command. The amount of net profit may be entirely satisfactory from the point of view of the sales volume; however, the sales volume may be insufficient in relation to capacity (Stem et al, 2006).

Channel Structure and KWAL'S Distribution Network

Rosenbloom (1991) defined channel structure as the group of channel members to which a set of distribution task has been allocated. It refers to institutional, environmental and physical factors that influence interactions of channel participants. Channel structure is accordingly viewed as influencing the conduct of channel participants which, in turn, influences market performance. Finding and selecting the right channel intermediaries is crucial to the success of the marketing strategy. The choice and performance of a specific partner (s) are the ultimate determinants of the success or failure of a marketing channel. Clearly, companies need to select their channel members carefully (Lous & Reve, 1980). As stated by Stuart (2006) intensive distribution exists when a manufacturer sells products or services through all or most of the possible channel distributors that provide a particular category of product in a given market. Stuart (2006) further clarified that an intensive distribution approach gives manufacturers the highest probability of selling their products or services but only after the required investments in demand generation are made. Stem et al. (1988) argued that the higher the intensity of brand distribution in a given market, the lower the manufacturer's influence on channel member performance. Having too many channel partners can harm the brand image and its competitive position. This coverage strategy is more appropriate for manufacturers of brands placed near the low end of the quality continuum to promote convenience and competitive pricing for the customers (Frazier et al., 1989).

Design and Selection of Marketing Channel Structures

Organizing and designing the distribution channel for a good or service is but one aspect of the marketing strategy of an organization (Stuart, 2006). Producers, manufacturers, wholesalers and retailers all face channel design decisions which may involve recognizing the need for channel design decision, setting the channel objectives, specifying the distribution tasks, developing possible alternative channel structures, evaluating variables, choosing the channel and identifying the potential market (Stuart, 2006). The need for a channel design decisions is based on many situations like developing a new product or product line, aiming an existing product at a new target market, making a major change in some other component of the marketing mix and facing the occurrence of major environmental changes such as economic, socio- cultural, competitive, technological, or legal spheres (Kotler, 1991). Having recognized that a channel design decision is needed, the channel manager should try to develop a channel structure that will help achieve the firm's distribution objectives efficiently. The channel manager should specify explicitly the nature of the tasks such as buying, selling, communication, transportation, risk taking, financing, etc. He should then consider alternative ways of allocating these tasks based on the number of levels in the channel, number of intermediaries at each level, and identify types of available potential intermediaries at each level (Rosenbloom, 1991).

Target Markets and Channel Segments

Because individual differences influence channel choice, it is natural to suppose that there are clearly defined channel segments. Thomas and Sullivan (2005) identify five such segments according to the impact of product type, customer lifestyle, and price sensitivity on the consumers' channel choice. Customers develop preferences for various channels over time and that, in equilibrium, there are clearly defined multichannel versus single-channel segments. Top Quality wines from all the major wine regions target the connoisseur wine drinker for consumption at restaurants, hotels, lodges, and private safaris throughout the East Africa region. Quality and competitively priced wines from all major wine regions for consumption are delivered through duty free shops and for the export market. Miniature quality wines primarily from South Africa and France to service passengers traveling through the East African hub on the major international airlines are also available to the hotel clients through the room mini bars (Thomas and Sullivan, 2005)

Channel Selection

In the area of multichannel customer management, there are different factors that determine customer channel choice. These are based on: firm marketing efforts, channel attributes, channel integration, social influence, situational variables, and individual differences. Marketing efforts represent an important determinant of channel selection. Channel attributes have been found to correlate with customer channel selection. Customers may use different attributes to evaluate a channel for search as opposed to purchase. For example, ease of comparing information is clearly a search attribute, whereas speed of purchase is a purchase attribute. They also show that the importance of these attributes differs by channel. For example, privacy appears to have a stronger impact on selecting the Internet than on selecting a store (Verhoef et al, 2005). Channel integration is another crucial determinant of channel selection. Montoya-Weiss, Voss, and Grewal (2003) and Bendoly et al. (2005) in their studies found that well- integrated channels encourage desirable customer behaviors. For example, if the firm allows products ordered on the Internet to be picked up at the store, it encourages Internet users to use the store as well. Burke (2002) pointed out that if the Internet promotes the store by providing easy store location information, it prompts customers to use the store. There is also evidence that social factors play a role in channel choice. (Verhoef et al. 2005) indicated that customers' selection of channels is influenced by the belief that people similar to them use the channel. In a similar vein, Keen et al. (2004) applied the "social norm" construct from traditional attitude theory. Nicholson et al. (2002) also identify five basic "situational factors" that can determine channel selection: physical setting (weather, crowding), social setting (shopping with friends), temporal issues (time of day, urgency of the purchase), task definition (type of product), gift versus own (Burke 2002), and antecedent state.

Understanding and Optimizing Channel Capabilities

In order to optimize channel performance, businesses need to take the time to understand two fundamental factors: its target customers as well as channel strengths and limitations. Understanding customer needs and expectations can be a complex task. In regards to channel optimization, businesses must contend with customers who are accustomed to accessing multiple channels, a factor that increases the complexity of delivering a consistent customer experience. Most customers prefer to research products and services online prior to making a purchase decision, and then confirm their decision with the sensory (see, touch, feel) experience. Customers also view brands holistically; they don't perceive a business's website to be a separate entity from its retail channel or customer service line. This means that businesses need to strive for their channels to work in harmony, which begins with understanding respective channel strengths (Thomas and Sullivan, 2005). To gauge channel capabilities, it is essential that both strengths and weaknesses be taken into account as part of the initial assessment. We measure channel strength through six criteria: distribution, price, product selection, promotions, customer service, and local competition. Those channels that measure up in a combination of these factors are more likely to be better positioned against competitors. For example, a business that excels in both customer experience and service is well suited to combat a competitor whose sole advantage is price. Only once a business fully comprehends which strengths can be activated through each channel can it develop an effective multi-channel strategy. Rather than having channels duplicate efforts across the board, each one can provide a complementary experience that is consistent with the businesses overall strategy. Consistency however shouldn't necessarily equate to a standardized experience. Businesses must develop tailored efforts to better align strategies with local market needs and demographics (Thomas and Sullivan, 2005).

Assortment Decisions

Noordewier et al. (1990) identified different assortment decision criteria based on: According to Noordewier et al. (1990) profitability and sales plays a great significance for the resellers' assortment decision. Its concern is overall profitability, rate of turnover and sales potential. This criterion is of extreme importance as resellers need to be sure that the product has the potential to increase their overall trading position and that they can make a profit on that deal. Profitability is highly dependent on sales volume while sales volume is dependent upon consumer acceptance of the products as well as upon manufacturers' reputation and marketing program. Low sales volume, negative sales trends and low level of consumer demand is the main reason for deletion of old products (Noordewier et al., 1990). According to (Burke & Raymond, 2002), the price of the product is important as it influences demand and sales volume and determines the gross margin of the retailer. A very high price can reject the product without any other consideration, while a very low price can make the product desired

by the reseller. Retailers are appreciating a product price that represents value for money for the consumer and that is in line with other products in the sector. As long as the economic conditions are considered normal for the industry they do not have a significant impact on the reseller's decision. However, if they differ in a positive way from what is common, this can lead to the acceptance of a product that is less satisfactory in other aspects.

Resellers face the problem of a growing assortment and efforts aiming at keeping the assortments within reasonable boundaries. This is a significant factor in decision making (Noordewier et al., 1990). Different principles are employed by resellers when it comes to assortment range decisions. Normally, resellers are restrictive towards new products acceptance and usually they give priority to those that already exist in the assortment. What is more, they follow the sales performance of the newly accepted products in order to be able to exclude them from the assortment if there is a negative trend. The decision to accept a new product depends on the product character and mainly on the product's degree of newness. Products that are not that innovative in nature but rather line extensions and imitations of other products are rarely of any interest. According to Noordewier et al., (1990) resellers are more inclined to accept a new product if it offers major improvements compared to existing products. Furthermore, the retailers are willing to accept new-products that offer the consumer something new in any respect, such as convenience. Another factor concerning the assortment criteria is the customers' product perception and their willingness to purchase it. This includes the product's consumer value, the consumer's need for the product and the consumer's satisfaction (Noordewier et al., 1990). There exist other supplemental criteria that include the price, packaging and product's physical and psychological characteristics. Physical characteristics concern quality and function, while psychological is the product's degree of newness. However, if products were unique, decision makers would never be indifferent towards any. In that sense, new features are always important in the evaluation of the products. Suppliers play an important role when launching new products and can have a great influence on buying decisions if employing strong marketing campaigns. If a well- designed promotional program supports the new product, the effect upon both, the retailer as well as the end consumer is significant. This is largely because retailers are satisfied by guaranteed advertising programs rather than programs dependent upon distribution. Noordewier et al. (1990) argued that both the introductory campaign as well as the continual marketing should be comprehensive so that the products could receive initial recognition as well as strong market position. The suppliers' introductory market campaign is considered a crucial criterion in new product decisions. However, the initial efforts that are made in that direction should be undertaken on a large scale only if they are expected to be followed by effective, continual marketing efforts.

Conceptual Framework

Performance of KWAL products in the distribution channel

The factors which affect the performance of KWAL in its distribution functions as indicated in the conceptual framework above are based on the following: Certain product attributes form an important influence on channel design and strategy. Gabbott (1991) identified that wine consumers utilized both intrinsic and extrinsic cues to aid in the choice process. Extrinsic cues are lower level cues that can be changed without changing the product (e.g. price, packaging, self location, brand name), while intrinsic cues are higher-level cues directly related to the product such as grape variety, alcohol content and wine style, which relate to the product itself and the processing method. Thompson and Vourvachis (1995) in their study of wine consumption in Australia found out that taste was the most highly correlated attribute relating to wine choice and was a dominating factor for wine consumers.

The quality of wine is generally recognized to depend upon subjective sensory evaluations and therefore, cannot be easily or precisely measured (Oczkowski 2001). The level of quality required may vary upon a variety of circumstances including the consumption occasion (Quester and Smart, 1998). Groves et al (2000) suggested that wine quality is composed of hedonistic and aesthetic components of wine consumption. These are the felt experiences resulting from the pleasure of drinking wine. However many of these measures of quality are intrinsic and difficult to assess before consumption. Landon and Smith (1997) suggested that given the incomplete information on quality, consumers rely heavily on both individual firm-reputation based on the past quality of the firm's output and collective or group reputation indicators and characteristics that allow consumers to segment firms into groups with differing average qualities to predict current, product quality (Zeithaml 1988). To help deal with that uncertainty, quality-conscious consumers process various perceived signals of quality, mainly of an extrinsic nature, such as price, producer, brand, vintage, region, awards, ratings and recommendations (Lockshin et al, 2000).

Wine companies have been using branding as a means of differentiating their product (Rasmussen and Lockshin, 1999). According to Lockshin (2001) branding is used to identify wine more so in Australia than in Europe where wines are identified by region or vineyard. Judica and Perkins (1992) discussed how champagne users link brand name to a sophisticated image. With this in mind many wine producers use 'society gatherings' frequented by the affluent segment of society to build up the prestigious image of their brand (O'Neill, 2000). Beverland, (2000) suggested that Australian wineries are using wine tourism, to provide opportunities to build brand loyalty. It enables wineries to meet their customers

face-to-face and gives them an opportunity to raise the profile of their products in the customer's mind.

Batt (1998) in his study on Australian wine consumption found that the origin of the wine was the most important variable influencing consumers' decision to purchase wine. It was particularly important for those who purchased wine by variety and more so for males than females. In a Spanish study it was found that the region of production and the vintage year are the main determinants of market price (Angulo et al, 2000). Skuras and Vakrou (2002) also suggested that there is a correlation between the region and the price of wine. This finding is supported from a broader European context where research by Skuras and Vakrou (2002), Koewn and Casey (1995) and Gluckman (1990) suggested that country of origin is a primary and implicit consideration of consumers in their decision to purchase wine, as did Tustin and Lockshin (2001) from an Australian perspective.

In wine marketing, packaging and labels assume undeniable influence with packaging forming an integral part of any wine's promotion and consumption (Thomas 2000). Labels provide the key recognition factor through their shape, colour, and position as well as the information offered (Jennings and Wood, 1994). Wine labels help to establish a winery's image and define brands (Fowler, 2000). Wine packaging includes the front label, back label, bottle and bottle shape, cask, package and awards. Combris et al. (2000) noted that these characteristics are significant in influencing the price and purchase of the wine. Gluckman (1990) identified that consumers perceive the wine labels as one of their primary sources of information, both for specific choices and as a means of increasing general product knowledge. At the time of purchase the label delivers key information to the consumers relating to the benefits on offer (Jennings and Wood, 1994). In particular they noted that modern innovative and distinctive labels were more attractive to the younger market in contrast to the older market which prefer more traditional styles of packaging. Charters et al (2000) found that the majority of wine purchasers read back labels in making their purchase decisions, identifying that the most useful aspects of the label were the simple descriptions of the tastes and smells of the wines.

Measuring Channel Member Performance

The channel member performance audit is a periodic and comprehensive review of channel member performance. The audit may be done for one, several, or all the channel members at the wholesale and/or retail levels. It consists of three basic phases: developing criteria for measuring channel member performance; periodically evaluating the channel members performance against the criteria to measure performance; and recommending corrective actions to reduce the number of inadequate performances (Kotler and Armstrong, 2006). The possible criteria for measuring channel member performance are based on the Sales

performance of channel members, inventory maintained by channel members, selling capabilities of channel members, attitudes of channel members, competition faced by channel members, and general growth prospects of the channel members (Thomas, 2000).

While channel members' overall sales performances offer a general idea of their sales capabilities, many manufacturers also believe it to be worthwhile to evaluate channel members' sales capabilities more directly by appraising their salespeople. This is particularly the case for channel members at the wholesale and the retail level. If individual sales records for channel members' salespeople can be obtained, the manufacturer has an excellent source of information. These individual ratings enable the manufacturer to discern patterns of sales performance and to develop an overall sales capability rating for each channel member, which can then be used for cross comparisons among channel members. Obtaining such information, however, is often a problem because many channel members do not want to reveal or go to the trouble of providing this information to the manufacturer (Thomas, 2000).

Sales performance is unquestionably the most important and commonly used criterion for evaluating channel member performance. In examining the channel member's sales performance, the channel manager should be careful to distinguish between the sales of the manufacturer to the channel member and the channel member's sales of the manufacturer's products to the channel member's customers (Thomas, 2000). Regardless of which of these two types of sales data are used, the channel manager should evaluate sales data in terms of: the comparisons of the channel member's current sales to historical sales. In this case of historical comparisons, the channel manager should look for both total figures and specific figures by product line if such data are available. The more detailed the data are, the better, because the higher level of detail provided in breakdowns by product lines helps the channel manager to spot changing patterns of sales for his or her product line.

Comparisons of sales among the channel members are also a critically important measure of channel member performance because it is a quite common occurrence for a small number of the channel members to account for a major portion of the sales. Cross comparisons of channel members' sales performances, made on a regular basis, help to reveal these adverse patterns more readily. Finally, if the manufacturer has set sales quotas for channel members, it should evaluate the channel member's actual sales performance in comparison with the quota. If the quota has been broken down by product lines, channel member performance for each category should also be examined (Kotler, 1984).

Applying Performance Criteria

Having developed a set of criteria for channel member performance evaluation, the channel manager must evaluate the channel members in terms of these criteria. There are essentially

three approaches that may be used: Separate performance evaluations measure channel members' performance against one or more of the criteria. This approach is most commonly used when the number of channel members is very large (as is often the case when intensive distribution is used by the manufacturer) and when the criteria employed are limited to no more than those of sales performance, inventory maintenance, and possible selling capabilities (Thomas, 2000). The multiple criteria approach represents a step forward from separate evaluations of performance criteria in that an attempt is made to combine the various criteria into an overall judgment about channel member performance. The combining of the various performance measures within and among each of the criteria categories is done, however, only in an informal and qualitative manner; that is, the relative importance or weights assigned to each of the performance measures are not made explicit and no formal quantitative index of overall performance is computed (Kotler, 1984). A formal rating system using multiple criteria enables the channel manager to arrive at an overall quantitative performance rating for each channel member. The channel members can then be evaluated in terms of this overall performance rating.

RESEARCH METHODOLOGY

Research design

The study design was a cross sectional survey. It was designed to capture data on the performance of KWAL distribution channels. The survey research was found appropriate as it required the collection of quantifiable information from the sample. It was also the best method for collecting original data and for describing and exploring existing phenomena.

Population of the Study

The target population was KWAL distribution outlets in Nairobi which were the supermarkets that stock KWAL products.

Sampling

Sampling units was supermarkets as distribution outlets while the managers were the respondents. There were Five key main supermarkets currently stocking and retailing Wines from KWAL. These are Chandarana, Nakumatt, Uchumi, Ukwala and Naivas. These supermarkets have chains of branches in Nairobi, with Chandarana having Two, Nakumatt Ten, Uchumi Ten, Ukwala Four and Naivas having Three. Based on the distribution of these supermarkets within Nairobi two branches of each supermarket were selected randomly to form the sample size which is ten outlets. The sample was purposively selected. This provided an efficient system of capturing the variations or heterogeneity that existed in targeted population.

Data Collection

The researcher distributed the questionnaire to the identified KWAL products outlet channels, which in this case were the selected supermarkets. The respondents who were the managers in the study were given the questionnaires to fill and the questionnaires were picked later i.e. "drop and pick" method. The questionnaires were designed to collect information on

performance of KWAL products in the distribution channels. The research assistant was engaged to assist in collecting the questionnaires. This mode of data collection was convenient, cost effective and not biased. Since it was a survey research, both the structured and self administered questionnaires were used to collect the data.

Data Analysis

The data collected was quantitative in nature. The data collected from the field was checked for completeness and then coded accurately. Analytical computer software (Statistical Package for Social Sciences- SPSS) was used to analyze the results of the questionnaires. The questionnaires were used to address the objectives of the study, research questions of the study.

DATA ANALYSIS AND FINDINGS**Factor affecting performance of the KWAL product Level of income for the customers**

Level of income	N	Min	Min	Max	Std dev
High level income	10	1.00	1.40	3.00	0.70
Middle level income	10	1.00	1.00	1.00	0.00
Low level income	10	2.00	2.50	3.00	0.53

Level of income as a factor that assumed to affect sale of KWAL products as high, low and low level income. The study sought to find the factors affecting the performance of KWAL products. In particular, the study sought to find if the level of income of their customers were affecting the performance of the KWAL products. From the findings, level of income of the respondents were found to affect the performance of the products as respondents strongly agreed as indicated by a mean of 1.4. For middle level income earners the respondents strongly agreed they affect the performance of the KWAL products as indicated by a mean of 1.00 and for the low income level ,the respondents indicated that they strongly agree they affects the performance of the product as indicated by a mean of 2.50. This implies that the level of income of the customers greatly affects the performance of the KWAL products in the market and there is a need to check on probably the pricing of the products to suit each level of customer's income.

Restocking in the Supermarkets

Restocking	N	Min	Mean	Max	Std Dev
Dozen per week	10	1.00	1.00	1.00	.00
Dozen per fortnight	10	1.00	1.30	2.00	.48
Dozen per a month	10	1.00	2.00	5.00	.45

The table indicates how often the respondents restock their supermarkets with KWAL per dozen in a week, a fortnight and a month. The respondents were requested how often they stock their supermarket. From the findings, the respondents strongly agreed that they restock their supermarkets with KWAL products per week as indicated by a mean of 1.0. other respondent indicated that they restock their outlet with a dozen per fortnight as

indicated by a mean of 1.30 with a standard deviation of 0.48 while a few respondents restock a dozen per a month as indicated by a mean of 2.0 with a standard deviation of 0.45. This indicates that restocking the KWAL is mostly done after a week per dozen and this could be attributed to their quality and fair prices making the supermarket to sell the products fast. It also indicated that more strategies should be adopted to ensure more dozens restocking per week as this shows how fast the products are selling in the markets.

Retail of Similar Products from other Companies

Retail of other products	N	Min	Mean	Max	Std Dev
East African Breweries Ltd	10	1.00	1.00	1.00	.00
London Distillers Ltd	10	2.00	2.00	2.00	.00
African distillers Ltd	10	3.00	3.00	3.00	.00
Global Distillers Ltd	10	1.00	1.00	1.00	.00

The respondents were also requested whether they stock similar products to that of KWAL from other companies indicated in the table 4.6 that is East Africa Breweries Limited, London, African and Global Distillers Ltd. From the findings, some of the respondents strongly agreed that they do retail similar products from other company as indicated by a mean of 1.00 for products from East African Breweries ltd. Others agreed that they retail products from London distillers as indicated by a mean of 2.00. Other still agreed they retail products from Global Distillers as indicated by a mean of 1.00. This indicates that the KWAL products are facing competition in the market.

Devote of Shelf Space from other Companies Products

Product from other companies	N	Min	Max	Mean	Std dev
East African Breweries Ltd	10	1.00	1.00	1.00	.00
London Distillers Ltd	10	1.00	3.00	2.00	.94
African distillers Ltd	10	1.00	3.00	1.40	.70
Global Distillers Ltd	10	1.00	3.00	1.40	.70

The Table indicates companies whose products are given same shelf space as those of KWAL products. These companies are East African Breweries, London African and Global Distillers. The study sought to find out whether respondents devoted similar shelf space or floor space to products of East African Breweries, London Distillers, African and Global

Distillers. From the findings, majority of the respondents strongly agreed they do for product from East African Breweries as indicated by a mean of 1.0 .Others agreed that they do so for products from African Distillers. London Distillers and Global Distillers as indicated by means of 2.0, 1.4 with a standards deviation 0.94 for African distillers and 0.70 for London and Global distillers respectively. This clearly indicates the KWAL products are facing great competition in the markets.

All KWAL Products Selling Well

KWAL Products	N	Min	Max	Mean	Std. dev
Papaya	10	1.00	4.00	1.80	1.13
Yatta red and white	10	2.00	3.00	2.60	.52
Hunters choice whisky	10	1.00	4.00	2.70	1.16
Viceroy brandy	10	2.00	3.00	2.70	.48

The table gave the KWAL products that the respondents were retailing in their supermarket as Papaya, Yatta Red and White, Hunters Choice Whisky and Viceroy Brandy. Thus the study sought to find out whether all KWAL products were selling well. From the findings, majority of the respondents indicate the product sell well. They agreed Papaya sell well as indicated by a mean of 1.80 with a standard deviation of 1.13, Yatta Red and White indicated by a mean of 2.60 with a standard deviation of 0.51, Viceroy Brandy with a mean of 2.70 and a standard deviation of 0.48 and Hunter Choice Whisky with a mean of 2.70 with a standard deviation of 1.16. .This meant that all KWAL products were selling well in the market.

Factor Affecting Business Performance

Factors	N	Min	Max	Mean	Std dev
Economic	10	1.00	1.00	1.00	.00
Technological	10	1.00	3.00	1.80	.63
Social-Cultural	10	2.00	3.00	2.80	.42
Marketing mix share	10	2.00	4.00	2.70	.82

The table highlighted the factor that affects business performance as economic, technological, socio cultural and market mix share. The respondents were requested to indicate factors affect their businesses. From the findings majority of the respondents strongly agreed that economic was the main factor affecting their businesses as indicated by a mean of 1.0. Other respondents agreed that their businesses are affected by social cultural factors as indicated by a mean of 2.80 with a standard deviation of 0.42. Still other indicated that technological was affecting their businesses as indicated by a mean of 1.80 with a standard deviation of 0.63 while market mix share was yet another factor affecting respondents businesses as indicated by a mean of 2.70 with a standard deviation of 0.82. Thus this implies that factors that affects businesses are economic, technological, social cultural and market mix share due to competition.

Sale and Market Share of KWAL Group Against Competitors

Sales and market share	N	Min	Max	Mean	Std Dev
Good quality	10	1.00	1.00	1.00	.00
Fair price	10	1.00	4.00	1.80	1.03
Strong company market	10	3.00	4.00	3.40	.52
Availability when required	10	2.00	3.00	2.80	.42
Origin of the brand	10	3.00	4.00	3.50	.53

The features of KWAL products that were thought they were making them sell well and made respondents retail them in the market and they were good quality, fair price, strong company market, availability when required and origin of the brand. The study sought to find out the characteristic of the KWAL product that made respondents to retail and sell them over those of the competitors. From the findings the study found out that respondents stocking and sell these products because of their good quality compared to the product of other companies as indicated by a mean of 1.00. The products were also retailed and sold through the supermarkets of the respondents due to fair price of KWAL products as indicated by a mean of 1.80 with a standard deviation of 1.03. The other characteristic for these company making respondents to retails and sell better than similar products from other companies was availability of the brand when required as indicated by a mean of 2.80 with a standard deviation of 0.42. Other characteristics cited were strong company market and origin of the brand with means of 3.40 and 3.50 and standard deviation of 0.51 and 0.53 respectively. This implied that features that were making KWAL products to be retailed and sold compared to similar products from other companies were due to good quality, availability and fair prices. Other qualities of these products were source or where it was manufactured and the market share of the company.

Characteristic of KWAL products

Characteristics	N	Min	Max	Mean	Stand. dev
Good quality	10	1.00	1.00	1.00	.00
Fair price	10	1.00	3.00	1.60	.70
Strong company market	10	3.00	4.00	3.60	.52
Availability when required	10	2.00	4.00	3.20	.79
Origin of the brand	10	1.00	4.00	2.90	1.20

The table gave the characteristics of KWAL product that were thought enabling better performance compared to similar products from other companies as good quality, fair price, strong market, availability when required and origin of the brand. The study sought to find out the characteristic of the KWAL product that made it sell in the market. From the findings the were respondents stocking these products because of their good quality compared to the product of other companies as indicated by a mean of 1.0. The products were also sold through the supermarkets of the respondents due to fair price of KWAL products as indicated by a mean of 1.6 with a standard deviation of 0.70. The other characteristic for this company making it to sell better than similar products from other companies was availability of the brand when required as indicated by a mean of 3.2 with a standard deviation of 0.79. Other characteristics cited were strong company market and origin of the brand with means of 3.60 and 2.90 and standard deviation of 0.52 and 1.20 respectively. This implied that features that were making KWAL products to perform well than similar products from other companies as, good quality, availability and fair prices. Other qualities of these products were source or where it was manufactured and the market share of the company.

Market Segment

Market segment	N	Min	Max	Mean	Std dev
Mass market	10	2.00	4.00	2.8000	.63246
High level income	10	1.00	2.00	1.2000	.42164
Middle level income	10	3.00	4.00	3.2000	.42164
Low level income	10	2.00	4.00	2.5000	.70711

The study also seeks to find out what market segment the KWAL serves. From the findings the respondents strongly agreed that the KWAL company serve large population as indicated by mass market with a mean of 2.8 and a standard deviation of 0.63. The respondents also agreed that low leveled income segment was being served as indicated by

a mean of 2.5 with a standard deviation of 0.71. Other segment respondents fairly agreed that are served by the KWAL company were high and middle leveled income earners as indicated by means of 1.20 and 3.20 with standard deviation of 0.42 in each case. This implies that the company should emphasize on segmenting the market strategically so as to improve performance of the KWAL Company's products in the markets and particularly segmenting on level of customers' level of income.

Package Size

Packages size	N	Min	Max	Mean	Std dev
750ml	10	2.00	2.00	2.00	.00
500ml	10	1.00	2.00	1.70	.48
250	10	2.00	3.00	2.40	.52
100ml	10	1.00	2.00	1.30	.48

The table gave the package sizes of KWAL products as 750ml, 500ml, 250ml and 100ml. The study sought to find out whether the KWAL products sell well irrespective of the packing size. From the findings the study found out that the respondents strongly agree the KWAL products packed in 500ml, 100ml and 250 ml sells well as indicated by a mean of 1.7, 1.3 and 2.4 in each case respectively. The respondents also agreed that the package of 750ml sell well as indicated by a mean of 2.0. This implies that product sell well when packed in different package size as different customers buy according to their level of income.

Type of Packaging Material

Types of packing	N	Min	Mean	Max	Std dev
Glass bottles	10	1.00	1.80	3.00	0.79
Plastic bottles	10	2.00	2.60	3.00	0.52
Polythene package	10	2.00	2.90	3.00	.32

The table the study sought to find out whether type of packaging material were affecting sale performance of KWAL products. Thus study also seek to find out whether packaging the KWAL products in different material influence its sale performance. From the findings the respondents strongly agreed that products packed in polythene material were selling well as indicated by a mean of 2.9 with a standard deviation of 0.32 while those packed in plastic bottles were indicated by a mean of 2.6 with a standard deviation of 0.52. The respondents agreed that those KWAL products sell in glass bottles also indicated a good performance as indicated by a means of 1.8 with a standard deviation of 0.79. This implies that products sell in polythene and plastic material were selling well and this were attributed to their packaging size which were relatively low compared to those packed in glass materials and the cost were available to customers of all income level.

Opinion on Future Performance of KWAL Products

Opinion on future KWAL product	N	Min	Mean	Max	Std. dev
Increase of KWAL products	10	1.00	1.00	1.00	.00
Profit prospects	10	1.00	1.80	2.00	.42
Market share	10	2.00	3.10	4.00	.57
Inventory level increase	10	3.00	3.70	4.00	.48

From the table the study sought to find out the future opinion about the performance of KWAL products in terms of increase in sales, profits prospects, market share and inventory level increase. From the findings, all the respondents strongly agreed that in the future the company's products will have an increase in sell as indicated by a mean of 1.00 and the profit prospects will be better as indicated by a mean of 1.80 with a standard deviation of 0.42. The respondents also indicated that they agree the future market share and inventory level performance of KWAL products will increase as indicated by a mean of 3.10 and 3.70 with a standard deviation of 0.57 and 0.48 in each case. This clearly indicated that the future performance of KWAL products is promising.

Extent of Distribution Challenges of KWAL Products

Statement	Frequency	Percent
Moderate extent	1	10
Great extent	5	50
Very Great Extent	4	40
Total	10	100

The Table shows the study presented the responses on to what extent the respondents thought challenges of distribution channels affected the performance of KWAL products and were to fill it using a Likert scale of 1-Not effects at all, 2-slight Neutral.3-Moderate extent 4-great extent and 5- Very great extent .The respondents were also requested to state the extent they that challenges of KWAL products are affecting their sale performance. From the findings, the study found out that majority of the respondents reported that the challenges affect performance to a great extent as indicated by 50%. Those who respondents that the effects is to a very great extent were indicated by 40 % while those who indicated that the effects is only to a moderate extent were 10%.This clearly indicate that the effects of the challenges of KWAL product is to a great extent in their performance

in the market. The implication of this is that the management of KWAL Company should finds strategies to get rid of the challenges or minimize the challenges as they are affecting the performance of the products to a great extent.

Challenges Affecting the KWAL Products Distribution

Challenges	N	Min	Max	Mean	Std dev
Competition	10	4.00	5.00	4.70	0.48
Legal issues	10	2.00	4.00	3.30	0.67
Social –cultural	10	2.00	3.00	2.20	0.42
Economic challenges	10	4.00	5.00	4.80	0.42
Managerial challenges	10	2.00	3.00	2.90	0.31
Technological challenges	10	2.00	5.00	3.10	0.99

The Table shows the study sought to find out from the respondents the challenges affecting the KWAL products distributions channels significantly .The respondents were requested to state the challenges significantly affecting KWAL products distribution channels in their supermarket. From the findings the study found that economic and competition challenges were very significant as indicated by a mean of 4.8 and 4.7 with a standard deviation of 0.42 and 0.48 in each case .Managerial challenges were also very significant as indicated by a mean of 2.9 with a standard deviation of 0.32.The challenges affecting KWAL products distribution and were significantly felt were legal issues and technological challenges with means of 3.30 and 3.10 with standards deviation of 0.67 and 0.99 respectively. Social–cultural challenges were fairly significant as indicated by a mean of 2.20 with a standard deviation of 0.42. This implies that economic, competition and managerial challenges were very significantly affecting KWAL distribution channel in their supermarkets .The impact of legal issues, technological and social –cultural challenges were affecting the distribution of the KWAL products greatly. Thus the management of KWAL company product should find measure to eliminate the challenges affecting KWAL distribution channel so as to increase the sale performance of the products.

Suggestion for the Challenges of KWAL Distribution Channels

Suggestion for the challenges	N	Min	max	Mean	Std dev
Improve competitive intelligence	10	1.00	2.00	1.10	.32
Fair government regulation	10	1.00	2.00	1.30	.48
Improve public awareness	10	1.00	1.00	1.00	.00
Allocation of more resources	10	1.00	1.00	1.00	.00

Special training for managers	10	1.00	2.00	1.30	.48
Invest in technology	10	1.00	2.00	1.30	.48

The Table shows that the study sought from respondents the suggestions for the challenges facing KWAL distribution channels as highlighted in the table. The respondents were required to give suggestions on the challenges affecting KWAL distribution channels. From the finding in the table 4.18, the study found out that allocation of resources , and improve public awareness were suggested by all the respondents as indicated by a mean of 1.00 .The other measures suggested were investing in technology, offering special training to the managers and seeking fair government regulations indicated by most respondents as indicated by a mean of 1.30 in each case with standard deviation of 0.48 for investing in technology, special training and seeking fair government regulation. Improving competitive intelligence were also advocated as indicated by a mean of 1.10 with a standard deviation of 0.32.This implied that improving public awareness, allocating more resources fair government regulations, investing in technology, special training for managers and improve competitive intelligence were critical suggestion to challenges affecting KWAL distribution channels to improve performance of its products.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Factor Affecting Business Performance

Business performance faces challenges in the course of their operations. These factors affect their performance by reducing it to a certain level. The respondents were requested which factors affect their businesses. From the findings majority of the respondents strongly agreed that economic, social cultural factors, technological and striving to gain market mix share. Thus this implies that factors that affect distribution channels for the KWAL products were similar to those of the supermarket businesses and are economic, technological, social cultural and market mix share due to competition.

Sale and market share of KWAL group

Products of certain companies perform better in the market due to their uniqueness in features. The study sought to find out the characteristic of the KWAL product that made respondents to retail and sell them over those of the competitors. From the findings the study finds out that respondents stocking and sell these products because of their good quality compared to the product of other companies, due to fair price of KWAL products, availability of the brand when required and strong company market and origin of the brand. This implied that features that were making KWAL products distributions channel to do well were good quality, availability and fair prices and the management of the KWAL should enhance these feature to improve performance of its distribution channels.

Market Segment

Market segmentation is yet another strategy a company may employ to ensure it increases its efficiency of its distributing channel. This can be done by considering the income level of customers, social cultural background, age, gender and population mix in a given area and many others. The study also seek to find out what market segment the KWAL serves in it aim to establish the performance of the company's distributing channels. From the findings the respondents strongly agreed that the KWAL company serve large population as indicated by mass market, income level and package size. This implies that the KWAL company should emphasize on segmenting the market strategically so as to improve performance its distribution channels so as it products compete well in the markets and particularly segmenting on level of customers level of income as this depict the purchasing power of the respondents.

Package Size

The study sought to find out whether the KWAL products sell well irrespective of the packing size. Packaging products in different size ensure all customers of different income level are catered for. This implies that product sell well when packed in different package size as different customers buy according to their level of income. Packaging material was also considered as an issue that could improve performance of the company products. From the study, KWAL products sell in polythene and plastic material were selling well and this were attributed to their packaging size which were relatively low compared to those packed in glass materials and the prices were favorable to most KWAL products customers.

Future Opinion About the Performance of KWAL Products

Future performance of the company's distribution channels are view in the face of performing well. The respondents were requested to give their future opinion about the performance of KWAL products. From the findings, all the respondents strongly agreed that in the future the company's products will have an increase in sell and the profit prospects will be better. The respondents also indicated that the future market share and inventory level performance of KWAL products will increase This clearly indicated that the future performance of KWAL distribution channels were to improve but probably after working out means of overcoming various challenges that is facing currently.

Challenges Affecting the KWAL Products Distribution Channels

The study sought to find out extent they that challenges of KWAL products are affecting their sale performance and it was found out that challenges affecting distribution performance were felt to a great extent. The management of KWAL Company should adopt strategies to get rid of the challenges or minimize the challenges as to increase it performance of its distribution channels hence better sale performance in the market. The respondents were requested to state the challenges affecting KWAL products distribution channel in their supermarket. Factors cited as significantly affecting distribution channels were economic and competition, Managerial challenges, legal issues and technological challenges. Social –cultural challenges was fairly significant as indicated. The study found out that economic and competition from

rival companies as the major challenges affecting the performance of distributing channel of KWAL products. This implied that even though there many factors affecting performance of the business, they do so but at varying degree of significant.

Suggestion for the Challenges of KWAL Distribution Channels

Business managers will not rest in search of solutions to many of their businesses challenges. Different suggestions are given for solving each and every challenge to the firm and when adopted, business performance improves. From this, the respondents were required to give suggestions the challenges affecting KWAL distribution channels. From the finding , allocation of resources and improve public awareness were suggested to be the best solution to the challenge facing KWAL distribution channels .The other measures suggested were investing in technology, offering special training to the managers and seeking fair government regulations of which when these could be adopted as solution to the challenges, better performance could be achieved.

Conclusions

The study concludes that challenges of distribution channels for KWAL products affects sale performance. Thus management of KWAL Company should adopt strategies to get rid of the challenges or minimize the challenges so as to increase performance of its distribution channels hence better sale performance in the market. The study also concludes that factors significantly affecting KWAL distribution channels were economic and competition. Others like Managerial challenges, legal issues and technological and social –cultural challenges were fairly significant. Thus economic and competition from rival companies were major challenges affecting the performance of distributing channel of KWAL products in supermarkets outlets in Kenya. The study also concludes that level of income of KWAL products is yet another factor affecting performance of distribution channels for KWAL products. This is due to the fact that with high income the purchasing power of the customers is high and the sale performance of KWAL products will increase improving the company distribution channel performance and the reverse is true. The study also concludes that though there may be existing various challenges to the business, there exists various solutions to the challenges that when adopted the performance of the business will improve. The study concludes that the suggested solutions to challenges in the study were allocation of resources and improve public awareness .Others suggested measures were investing in technology, offering special training to the managers and seeking fair government regulations.

Recommendations

From the findings and recommendations, the study recommends that factors that greatly affect performance of distribution channels of KWAL products in supermarkets were economic factors and poor public awareness. They were found to affect the performance of these distributing channels to a great extent and their impact very significantly felt. The study also recommends, that KWAL Company should segment its market as segmentation could easily

influence the performance of its distribution channel in supermarkets in Kenya. This could be in terms of level of customer income, packaging size, population age, gender and product type. This will ensure the market is covered and more sales are made leading to improved performance of distributing channels of KWAL products through supermarkets in Kenya. The study also recommends allocation of more resources and improving public awareness as a solution to the challenges as allocation of more resources will ensure quality KWAL products are offered, managers are trained, better technology is applied in manufacturing of the products and offering the product at a low price. Together with the improved public awareness which will make the market know of the KWAL products existence, the product performance in the distribution channels will improve.

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