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EXAMINING THE EFFECT OF MULTI-CHANNEL PRODUCT DISTRIBUTION ON FIRMS' PERFORMANCE

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ABSTRACT

The study sought to examine how multi-channel distribution operations affect a firm's performance. A cross-sectional study approach was used together with the quantitative and qualitative research designs. A sample was determined scientifically from a study population of senior and junior staff engaged in sales and distribution, and distribution agents, wholesale and retail using the Krejcie and Morgan scientific table for determining sample size. Data was collected using a self administered questionnaire and analysed using statistical measures obtained using SPSS (Statistical package for social scientists). The study findings show that efficiency in distribution nodes support overall firm's performance, multi-channel distribution management practices have an effect on the performance of a firm and that multi-channel distribution operations face a number of challenges including difficulties in multi-channel activities coordination resulting into inter-channel conflicts, and intra-channel competition threatening the firm's pricing power.

Keywords: *Multi-channel distribution, pricing power, inter-channel conflicts.*

1. BACKGROUND

In a bid to cope with market instability and be more responsive to the customer needs, several companies have adopted various forms of product distribution channels. Corstjens and Doyle, (1979) posited that whereas some firms have adopted multiple channel product distribution approaches, others have remained on the single channel product distribution. The number of distribution channels has been listed as an organizational agility ploy (Naylor, Naim, and Berry, 1999) for increasing market control. Coelho, Easingwood and Coelho (2003) indicate that a recent trend in product distribution is for manufacturing firms to increasingly adapt to multichannel distribution. For any company with a product to sell, how to make that product available to the intended customers can be as crucial a strategic issue as developing the product itself (Ahn, Duenyas and Zhang, 2002). Multi-channel product distributions shall for this study refer to situations where on top of the traditional intermediaries (whole sellers, resellers, distributor, retailers etc), the manufacturer deliberately employs other distribution strategies in order to have more market control. Literature indicates that the process of eliminating the sole dependence on the intermediaries has presented manufacturers with opportunities including but not limited to: direct control of distribution and pricing, more flexibility in experimenting with new products attributes, closer contact with customers and protection from crises faced by intermediaries (Stern, El- Ansary and Coughlan, 1996)

According to Coelho et al, (2003), multi-channel distribution is associated with higher sales performance and lower channel profitability. It is also worth noting that the decision by firms to have multi-channel distribution comes hard due to the cost implications such strategies embed. For instance firms have to bear with the long term nature of the approach in terms of having to endure to heavy investments in terms of the various distribution point sites which are not easily re-deployed, and their respective human resource requirements. Stern and Steve (1980) allude that such change can be difficult and painful which calls for such channel decision process to be subject to systematic decision process from the start to finish. House of Eden (U) Limited with the Head Office (central distribution point) located along 6th street in industrial area and having regional distribution points in the West Nile, Northern, Eastern and Western parts of Uganda, is among the leading soft drink producers and also among the leading taxpaying companies in Uganda. House of Eden is a limited liability company registered in 1997 as a manufacturer of fruit drinks and mineral drinking water. The company has been identified as among those players in the industry that has adopted multi-channel product distribution approach and has since registered performance improvement. This is evidenced by the company's increase in investment capital from USD 420.000 in 1998 to about USD 6.556.100 in 2008 (Annual report 2009).

However, the Increase in Investment capital could as well be a result of the company getting financing facilities from the financial lending institutions. Nonetheless there are other indicators that link the increase in working capital to multi-channel product distribution including; increased customer base, increased turn over and profitability and better information flow among others. This is coupled by the increase in the number of products from their traditional products of Safi and water, now to extraction and manufacturing of fruit juice, squash juice making, PET packaging and an expanded thermo forming plant. House of Eden has been faced with the same challenges associated with multi-channel distribution patterns including; having to manage inter distribution channel conflicts, maintaining coherence across the multi- channels, increased expenditure by the firm in terms of managing and coordinating the multi- channels. Nonetheless House of Eden business has been quite successful as evidenced by the increase in the product line, increase in productivity, distribution channels and market distribution/ command. Although as to whether this progressive performance attainment is attributable to multi-channel distribution remains unknown. It is in attempt of providing a desirable explanation to this performance aspect that this study examining the effect of multi-channel product distribution on firm's performance was conducted.

Despite the fact that multi-channel product distribution approach has been dented with diverse short comings including the difficulty in terms of management to the firm managers (Cespedes and Corey, 1999), customer resentment and confusion arising from the products reaching the market at different prices and conflict among the distribution channels as a result of competing for the same customers. Multi-channel product distribution still presents prospects of leading to improved performance in terms of profitability and growth. Taking the case of House of Eden (U) ltd where there has been increased customer base, turn over and profitability, and increased information flow, this study sought to investigate how multi-channel product distribution approach impacts on the firm's performance, examine the typical multi-channel product distribution management practices, and identifying critical challenges facing multi-channel production distribution activities as well recommendable strategies for dealing with such challenges.

1.1 Significance of the study

The study findings are of great significance to a multitude of stakeholders ranging from the academic line to those practicing but more importantly the management of House of Eden (U) limited and middle and top managers of other organisations that might be faced with decisions relating multi-channel operations. To academics, the study highlights potential areas for future research. It provides a rational elaboration to the basic but more detailed understanding of multi-channel product distribution operations and associated challenges within manufacturing firms.

1.2 Conceptual framework

Figure 1 below presents a conceived framework which attempts to explain how multi-channel product distribution in association with multi-channel distribution management tends to affect the firm's performance. The study presumes that if manufacturing firms like House of Eden (U) Ltd, employed multi-channel product distribution management practices like, channel monitoring, channel communication, channel control management and channel moderation among others, the firm performance (measured in terms of profitability, product line growth, sales growth and market share control) will be positively affected. Nonetheless, application of multi-channel distribution approaches like manufacturer outlets alongside other channels like on-line

distribution and the existence of the traditional intermediaries affect performance of the supplier firms through profitability, sales, product line growth and market share command.

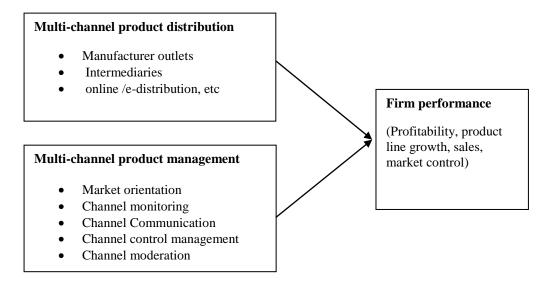


Figure 1: Conceptual framework

2. A REVIEW OF RELATED LITERATURE

This section presents a review of related literature that has been critically studied and selectively adopted for the purpose of the study and this paper. Relatively rich scholarly works including journal articles, book chapters, management reports, and periodicals as well professional complements were considered relevant sources of the reviewed literature.

2.1 Defining and understanding multi-channel product distribution

Tsay and Agrawal's (2004) in their work "review of modelling conflict and coordination in multi-channel distribution systems" describe multi-channel distribution as relating to having traditional intermediaries alongside manufacturer owned distribution outlets, i.e. including a manufacturer owned retail outlets, independent intermediaries, on-line manufacturer sales among others co-existing in the same distribution channel. Product distribution is a critical process of the supply chain, and links the entire firm with its outbound supplies and market in general. Khan, Bakkappa, Bhimaraya and Sahay (2009) reason that business organisations' operating efficiency depends on how well the distribution nodes and strategies are structured and organised. They posit that distribution process allows the flow of information, products and services smoothly, at the best prices, which promotes the competitive edge to the firm. On the other hand poor distribution processes spread an array of distractions and dissatisfaction across the supply chain and ultimately customers.

Effective distribution practices minimize costs, ensuring that benefits such as increased sales and profits are gained (Schary and Backer, 1976). This improves firm performance since multi channel distribution in supply management is said to ensure prompt response to the flow of market place information, provide valuable data for the distribution systems like customers' orders, customers' need for information etc (Chow, Choy, Lee and Chan, 2007). Some of the factors that have been fuelling the utilisation of multi-channel product distribution have included the need for sales growth arising from an extended market coverage and improved satisfaction of the customer target (Thornton and White, 2001). A cost reduction by substituting high for low cost channels (Wright, 2002), more and better market information given the increased number of means linking the company to with the market and a reduction in business risks, by diversifying the sources of a company's business. Further literature indicates that incumbent channels should not automatically be alarmed when additional channels are introduced. Consider that under certain circumstances one channel's efforts can drive traffic to another channel, especially when conducted with such intent (Bucklin et al. 1997, McIntyre 1997, Schmid 1999). And losing sales need not hurt overall profitability. For instance, a new channel might be targeted at an existing channel's least profitable customers. Or a manufacturer opening a direct channel might at the same time sweeten the wholesale terms offered to existing intermediaries hence improving the performance of the multichannelled product distribution firm.

Multi-channel distribution has been identified as promoters of sales growth, improved satisfaction of consumers target and cost reduction by substituting high for low cost channels, increased number means linking company with market sections, reduced business risks and diversified sources of company business. Stern et al, (1996) brings out the value of each independent channel performance. Each independent channel contributes to the aggregated firm's sales growth, improved customer satisfaction, cost reduction, and increased means of linking the firm products to the market, thus improved productivity. The sharing of intelligence between channel members has been virtually ignored by proponents of single channel distribution. Yet, intelligence can be thought of as information on the marketplace processed and retained by channel members that could potentially reduce decision making uncertainty (Huber 1990). Channel members with better intelligence than their competitors are arguably more market oriented and enjoy an advantage in both forming and implementing marketing strategies (Jaworski and Kohli 1993). This directly impacts performance of the multi-channel product distribution entities.

2.2 Multi-channel distribution approaches

The "age of e-Business" has now been underway for a few years, and evidence that has accumulated thus far indicates a trend towards a portfolio approach that includes both intermediary and manufacturer-owned channels (each type of which can take either bricks-and-mortar or online form). This exploits the relative strengths of each and their appeal to different market segments. Indeed, leveraging multi-channel types may allow greater market penetration than using any one alone, and may enable innovative methods of value-delivery yet to be imagined (Balasubramanian and Peterson 2000).

Literature mainly talks about direct and indirect channel product distributions. Direct channel distribution approaches involve direct marketing systems that involve customers ordering through non-person contacts like visiting the manufacturer websites or ordering through marketing catalogues or even through personal communication with a customer through toll free telephone ordering. The other direct channel distribution approach is direct retail systems: Here the product manufacturer also operates their own retail outlets. It could as well be through personal selling systems; the key to this direct distribution is that a person whose main responsibility involves creating and managing sales is involved in the distribution process, generally persuading the buyers to place orders. This order its self may not be handled by the sales person himself. The last category of direct distribution approach involves the assisted marketing systems. Here the manufacturer relies on others (brokers) to help to communicate the manufacture's product but handles the distribution directly to the consumer.

The indirect channel product distribution approach involves the manufacturer reaching the final users through the help of others. These resellers generally take ownership of the product though in some cases they may sell products on a consignment basis. The intermediaries assume the responsibility of having the product sold. Indirect channel distribution could be single party selling systems; these involve manufacturers engaging another party who then sells and distributes directly to the final customer. These could be large store based retailers or online retailers. Indirect channel distribution could also be multiple -party selling systems; here the whole sellers purchase from the manufacturer and sells the product to retailers. From a marketing perspective, different distribution channels differ in their abilities to perform various service outputs. The Internet channel is particularly powerful in providing information to the customer, thereby reducing the buyer's search costs. Offering multiple complementary channels provides a greater and deeper mix of customer service, thereby enhancing the seller's overall value proposition (Wallace et al. 2004).

2.3 Multi - channel distribution management practices

The use of multiple channels of distribution is now becoming the rule rather than the exception, given the fragmentation of markets, advancements in technology, and heightened inter brand competition, among other things. While multiple channels potentially increase the firm's penetration level and raise entry barriers, intra brand competition and intra channel conflict may become major problems, leading to lowered levels of support in the firm's direct and indirect channels. Therefore the need for top notch multi-channel distribution management practices if the challenges associated with this kind of distribution approach are to be contained. They include;

Moderation of channel dependence

A firm's ability in a multi channel distribution management relationship lies in its potential to influence its channels' beliefs, attitudes, and behaviors. This potential is tied to the distributor firm's dependence or need to maintain the channel relationship to achieve desired goals (Frazier 1983a). When each firm possesses a high

level of dependence in a multi-channel distribution relationship, interdependence is high in magnitude and symmetric. In such cases, each firm enjoys a high level of power and the bonds between the firms should be reasonably strong. Such relationships are not sick or dysfunctional quite the contrary. High joint power is likely to promote trust, commitment, and relational behavior because of the common interests, attention, and support found in such channel relationships (Gundlach and Cadotte 1994; Kumar, Scheer, and Steenkamp 1995b; Lusch and Brown 1996). When each firm possesses a low level of dependence in a multi-channel distribution relationship, interdependence is low in magnitude. Each firm has low power. The fact that the dependence levels are symmetric has little bearing because of low interdependence magnitude. In such cases, the amount of attention and support each firm gives the other is likely to be very low. Commitment is likely to be low, while trust is likely constrained by limited opportunities for interaction among boundary personnel. As long as each firm correctly acknowledges the inherent nature of such relationships, they may function rather smoothly without problems (Frazier and Summers 1986; Ganesan 1993; Kumar, Scheer, and Steenkamp 1995a). The supply firm to these multi-channels has the responsibility to keep these channels having a mutual dependence benefit to ensure that they equally benefit from the synergy amassed by their collective presence in the market. If, however, one or the other firms begin making demands that are unrealistic, such relationships can become dysfunctional.

Monitoring Channel Members

Earlier studies indicate that firms in multi-channel distribution send employees unannounced to different intermediary locations to monitor their performance (i.e., mystery shoppers and mystery sleepers). Williamson (1985), attributed the costs associated with monitoring to being part of the costs of governing ongoing channel relationships, that is, transaction costs. However, in a study by Bello and Gilliland (1997), regarding efforts by U.S. manufacturers to monitor indicators of foreign distributor results, (e.g., sales volume, market penetration of new products) show that there is a positively relationship between monitoring and distributor performance. Knowing that a manufacturer is keeping track of certain performance outcomes, a distributor may be prone to focus more attention and resources on achieving them. Furthermore, feedback may be given as a result of monitoring efforts that aids firm performance.

Channel Communications

As indicated by Mohr and Nevin (1990), a variety of different facets of inter- distributor firm communication exists, including the amount, direction, medium, and content of communications. Thus far, the "content" dimension has been emphasized in the channels literature in the form of inter distribution firm influence strategies, that is, the means of the communication used by a firm's personnel in applying its power (Cote, and Onzo 1993). The "amount" dimension of inter distribution firm communication was also examined in studies by Anderson and Narus (1990) and Anderson and Weitz (1992). However, content communications between channel members involve joint planning efforts, performance appraisals, and outcome-based and behavior-based coordination efforts. These communication facets enable the distribution channels in re-orienting and influencing their channel member belief-attitude-intention formation in relation to individual channel programs and the adoption of new products (Frazier and Sheth 1985). The sharing of intelligence between channel members has been an important management driver. Intelligence can be thought of as information on the marketplace processed and retained by channel members that could potentially reduce decision making uncertainty (Huber 1990). On account of Jaworski and Kohli (1993), Channel members with better intelligence than their competitors should be more market oriented and enjoy an advantage in both forming and implementing marketing strategies. And is this intelligence is shared between the upstream and downstream distribution channel members, the supplier firm stands more chances of profiting from multi-channel distribution patterns.

Channel Control management

A firm's control in a channel relationship reflects its actual impact on the supplier firm's behavior and decision making. Anderson, Lodish, and Weitz (1987), attributed control measures to be problematic due to perceptual biases and attribution processes especially from the market domineering channels. It is thus recommended that a control system amongst distribution channels in the form of a set of agreements, programs, and interactions used by a firm in an attempt to shape strategies and actions of associated members in the value chain. The intent is to gain control by the supplier firm. Literature says that by market exchanges, the price mechanism may be the only component of firms' control systems (Stern and Reve 1980). In other forms of exchange, a complex array of different tools-levers may be used. Firms can rely on a mix of contracts, pricing and credit programs (e.g., functional discounts, margin guarantees, extended dating), promotional programs (e.g., market development funds, co-op programs, incentive or spiff programs, earned volume rebates, end-customer promotions), merchandising aids, training programs, and inventory buyback programs, among other components.

Market Orientation management

Market orientation is the extent to which a firm focuses deeply on the needs and preferences of end customers, as well as centering on competitor initiatives (Day 1994). Earlier studies found that the market orientation of the supplier organization is positively related to the market orientation of the distributor and distributor commitment to the multi-channel distribution exchange relationship. Day (1994) argues that channel bonding capabilities are valuable to market-driven organizations, as they promote market sensing and intelligence sharing within the channel system.

2.4 Challenges to multi-channel product distribution

From a supply chain management perspective, multi-channel distribution provides opportunities for serving different customer segments, creating synergies, and exploiting economies of scale. However, in order to successfully exploit these opportunities companies need to master novel challenges. In particular, the design of a multi-channel distribution system requires a constant trade-off between process integration and separation across multi-channels. This requires experienced and trained human resource to do which the firms can only access at a cost. This usually impacts on the firms' profitability.

Elimination of intermediaries is not without disadvantage. The role of intermediaries is to efficiently create and satisfy demand, through activities that include building brand and product awareness through advertising and customer education, providing market coverage, gathering market information, providing breadth of assortment, breaking bulk, processing orders, customer support, etc. If a manufacturer cannot otherwise attend to these functions efficiently, elimination of intermediaries may cause an erosion of profits, market share, or both (Ghosh 1998). As noted by Stern et al. (1996, p.115), "It is an old axiom of marketing that it is possible to eliminate wholesalers (or any middlemen, for that matter) but impossible to eliminate their functions."

In E-fulfilment delivering physical goods to the customer is commonly cited as one of the most expensive and critical operations of Internet sellers (De Koster, 2002a, Lummus and Vokurka, 2002). In particular, the economics of customer-direct Internet channels tend to differ from those of other channels due to small, singleorder transaction sizes (Currah, 2002). Thus, companies need to make trade-offs when deciding which processes to integrate across channels and which processes to separate (Gulati and Garino, 2000).

A potentially significant caveat arises from the progression from Rhee and Park (2000) to Rhee (2001). Rhee and Park (2000) report that adding a direct channel alongside a retail channel can increase the manufacturer's profit. However, Rhee (2001) rules this out, when the manufacturer faces competition from another direct seller, as the challenger weakens the manufacturer's pricing power. Reduction of the pricing power impacts on market control which lessens business growth. This raises the possibility that the research findings may depend on the manufacturer being a monopolist. It is important that as researchers, that assumption is applied where it's due

There is an obvious obstacle that comes with increasing system complexity; the difficulty in maintaining coherence across channels with respect to strategy and execution. Perseverant manufacturers can presumably overcome this with management effort and appropriate information technologies. However, a different issue altogether is one that is frequently cited among the most significant barriers to multi-channel strategies, and is unlikely to be remedied purely internally since the root cause is inter firm conflict. Specifically, the existence of a manufacturer-owned channel may establish the manufacturer as a direct competitor to its intermediary.

On the downside, major marketing-related concerns in multi-channelling include cannibalization and channel conflicts (Webb, 2002). An additional distribution channel may partly cannibalize the sales of existing channels, rather than growing total sales. Conflicts may arise between different divisions managing a company's different channels, but even more so between different supply chain members, for example a manufacturer competing with its own resellers through a customer-direct Internet channel (Tsay and Agrawal, 2004). Consequently, managing the overall portfolio, rather than individual channels is critical in multi-channel product distribution.

The use of multi-channel distribution is now becoming the rule rather than the exception, given the fragmentation of markets, advancements in technology, and heightened inter-brand competition, among other things. While multi-channels distribution potentially increase the firm's penetration level and raise entry barriers, intra-brand competition and intra-channel conflict may become major problems, leading to lowered levels of support in the firm's direct and indirect channels. Manufactures indeed need to do their homework before going multi-channel due to the unique nature and complexities involved.

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3. RESEARCH METHODOLOGY

This research was cross-sectional and adopted both the qualitative and quantitative study designs. For purposes of this study a sample of 55 respondents determined from the study population of 66 (including senior and junior staff engaged in sales and distribution, and distribution agents —wholesale and retail) using the Krejcie and Morgan scientific table for determining sample size was used. The sample respondents were randomly selected by picking indiscriminately without replacement until the required number was obtained. A self administered structured questionnaire where respondents were required to indicate on the basis of a five (5) point Likert scale (1=Strongly disagree, 2=disagree, 3=not sure, 4=agree and 5=strongly disagree) was used to collect data. This was adequately tested for reliability and content validity using the Cronbach Alpha Coefficient and Content Validity Index (CVI) respectively, and the resulting scores were (Cronbach alpha= 0.68 and CVI of 0.71) well above the required minimum of 0.57. On the basis of this analysis the questionnaire was considered appropriate and therefore used for data collection. Out of the 55 targeted respondents issued with the questionnaires, 42 ably filled and submitted back the questionnaires and their responses were used (representing a 76.4 percent response rate). Descriptive statistics obtained using the SPSS (Statistical Package for Social Scientists) were used for analysis.

4. STUDY FINDINGS

This section presents the analysis and interpretations of the study findings. The section has been arranged in line with the research objectives, which included (1) examining the performance of multi-channel product distribution at House of Eden (U) Ltd, (2) examining the multi-channel product distribution practices at House of Eden (U) Ltd, and (3) assessing the challenges facing multi-channel operations at House of Eden (U) ltd and the suggesting possible solutions to the identified challenges. The analysis was done using descriptive statistics including percentages, maximums, minimums, means and standard deviation to present the findings.

4.1 Multi-channel product distribution performance at House of Eden (U) Ltd

Regarding this aspect of the study respondents were required to rate the items in the instrument on the basis of a five (5) point scale (1=Strongly Disagree, 2=Disagree, 3=Not Sure, 4=Agree and 5=Strongly Agree). This implies that for purposes of interpreting the findings, Means that are close to 1 or 2 reflect disagreement, while Means close 4 or five reflect agreement. Means close to 3 reflect uncertainty with the statement and therefore a need to address the issue represented.

Table 1:Multi-channel distribution performance at House of Eden (U) Ltd

Multi-channel distribution performance at House of Eden (U) Ltd	Min	Max	Mean	Std.
				Dvn
Eden believes that efficiency in distribution modes promotes business.	2	5	3.97	0.64
There is better information, products and services flow between	2	5	3.69	0.59
manufacturer and consumer with more distribution nodes				
Poor management in multi-channel distribution creates an array of	2	5	3.76	0.61
distractions across the supply chain.				
Multi-channel distribution have improved Eden's competitive edge	2	5	3.02	0.47
Multi-channel distribution minimizes costs and ensures that there are	2	5	3.59	0.62
increased sales and profits				
House of Eden benefits from economies of scale associated with multi-	2	5	3.66	0.73
channel distribution				
The market coverage by the firm's products have increased with multi-	2	5	3.65	0.68
channel distribution				
Eden enjoys more linkages to different market sections with multi	2	5	3.64	0.67
distribution channels				
The business sources for Eden have diversified with multi-channel	2	5	3.62	0.63
distribution				
Eden enjoys increased market intelligence from multi-channels	2	5	3.70	0.64
There is increased brand awareness through advertising by the multi-	2	5	3.75	0.59
distribution channels				

Source: Authors' analysis based on primary data

The results indicate that in general, efficiency in distribution nodes promotes business (Mean=3.97) and that there is better information, products and services flow between manufacturer and consumer with more distribution nodes (Mean=3.69). The results also indicate that poor management in multi-channel distribution creates an array of distractions across the supply chain (Mean=3.76). However, uncertainty was expressed regarding multi-channel distribution having improved House of Eden (U) Ltd's competitive edge (Mean=3.02). It was revealed that multi-channel distribution minimizes costs and ensures that there are increased sales and profits (Mean=3.59), the firm's benefits from economies of scale associated with multi-channel distribution (Mean=3.65) and that the firm enjoys more linkages to different market sections with multi distribution channels (Mean=3.64). The results further indicated that the business sources for 'House of Eden' have diversified with multi-channel distribution (Mean=3.62), the firm enjoys increased market intelligence from multi-channels (Mean=3.70) and that there is increased brand awareness through advertising by the multi-distribution channels (Mean=3.75).

4.2 Multi-channel product distribution management practices

The second objective of the study was to examine the multi-channel product distribution management practices at 'House of Eden (U) ltd'. Table 2 summarizes the results obtained from the respondents.

Table 2: Multi-channel product distribution management practices

Min	Max	Mean	Std. Dvn
1	5	3.91	0.58
2	5	3.62	0.68
1	5	3.72	0.63
1	4	3.23	0.82
1	5	3.59	0.64
1	5	3.08	0.73
2	5	3.18	0.64
1	5	2.46	0.59
2	5	2.35	0.66
2	5	3.73	0.61
2	5	3.57	0.61
1	5	3.63	0.58
1	5	3.68	0.62
	1 2 1 1 1 1 2 2 1 2 2 2	1 5 2 5 1 5 1 5 2 5 1 5 2 5 2 5 1 5	1 5 3.91 2 5 3.62 1 5 3.72 1 4 3.23 1 5 3.59 1 5 3.08 2 5 3.18 1 5 2.46 2 5 2.35 2 5 3.73 2 5 3.57 1 5 3.63

Source: Authors' analysis based on primary data

The study findings indicated that 'House of Eden (U) Ltd' influences her channels' beliefs, attitudes, and behaviours (Mean=3.91), that there is high joint power practiced amongst the channels (Mean=3.62) and that House of Eden (U) limited keeps the channels under a mutual dependence relationship (Mean=3.72). The results also show that there was uncertainty regarding whether House of Eden (U) limited sends employees unannounced to different intermediary locations to monitor their performance (Mean=3.23). There was a revelation that House of Eden (U) limited influences strategies in the distribution chain (Mean=3.59). Uncertainty was expressed in the results regarding whether the firm moderates the amount, media and direction of communication amongst the distribution channels (Mean=3.08), and that it was uncertain whether the firm moderates outcome-based and behavior-based coordination amongst the channels (Mean=3.18). The results further indicated that House of Eden distribution channels do not undertake joint planning (Mean=2.46) and that they do not collectively discuss performance appraisals (Mean=2.35). There is sharing of intelligence collected across the board (3.73), House of Eden (U) limited influences the distribution channels' behavior and decision making (Mean=3.57), and focuses deeply on the needs and preferences of end customers and competitor initiatives (Mean=3.63), and finally the firm initiates product cost saving strategies for channels (Mean=3.68).

4.3 Challenges to multi-channel distribution

The third objective of this research was to identify the challenges facing multi-channel distribution activities, more specifically those that can be associated with the House of Eden (U) limited's multi-channel distribution activities. Respondents were required to indicate (on the basis of strongly agree =5 to Strongly Disagree =1) the

extent to which they agreed that the indicated challenges were faced by House of Eden (U) limited multichannel distribution activities. The analysis of the findings obtained to this effect is presented in table 3.

Table 3: Challenges to House of Eden (U) limited multi-channel distribution activities.

Challenges to multi-channel distribution	Min	Max	Mean	Std. Dvn
Difficulty in coordinating multi-channels' activities	2	5	3.62	0.86
It requires experienced managers to handle multi-channels	2	5	3.69	0.81
Some channels require technical know how to use them in distribution	2	5	3.72	0.67
Competition amongst the channels reduces Eden's pricing power	2	5	3.59	0.72
Complexity of channels of distribution creates coherence problems	2	5	3.56	0.84
Inter channel conflicts create management challenges	2	5	3.63	0.77
Performance of one channel may impact negatively on the other (Cannibalism).	2	5	3.66	0.69

Source: Authors' analysis based on primary data

The results indicate that there is difficulty in coordinating multi-channels' activities by House of Eden (Mean=3.62), that it requires experienced managers to handle multi-channels (Mean=3.69) and that some channels require technical know how to use them in distribution (Mean=3.72). The results further revealed that Competition amongst the channels reduces Eden's pricing power (Mean=59). It was also revealed in the results that the complexity of channels of distribution creates coherence problems (Mean=3.56), that inter channel conflicts create management challenges (Mean=3.63) and that the performance of one channel may impact negatively on the other (Cannibalism) (Mean=3.66).

Respondents were further required to state other challenges (other than those responded to and analysed in table 4 above) that would be associated with House of Eden (U) limited multi-channel distribution activities. A summary of the challenges provided in the responses obtained is provided hereunder:

- Inter-channel conflicts
- Data integration was another challenge raised by the respondents. This arises out of the desire to have an integrated system managing information flow at the same rate across all the channels effectively and in a timely manner.
- Unpredictable consumer analytics. Most respondents argued that consumers would browse through the product catalogues on line, purchase items in a brick and mortar and enjoy after sales service through a call facility. Unless the supplier has a deep understanding of such consumer behaviour they are difficult to predict.

Proposed possible solutions to the above challenges

The respondents were required (as part of the questionnaire) to suggest possible solutions to the challenges to multi-channel product distribution activities. The responses obtained indicate the following:

- Optimizing the organization and the management of the different functions as well as the sharing of initiatives and commercial services amongst the channels.
- The firm's product offer also needs to be calibrated as this shall maintain quality standards across the different distribution channels.
- Simplification of the operations of House of Eden (U) Ltd to ensure cost reductions in the commercial process, simpler connections between the marketing and sales force, and increased levels of communication between the marketing and sales.
- The firm should change customer behavior so that they can easily adopt the new products and encourage the customer behaviors to continue using existing and new distribution channels depending on what best applies in their interests.
- Improving information flow and information sharing amongst the distribution channel players, i.e. increasing means of getting the right information from the client and increase ways of improving the servicing customer interests.
- Also there is need for transportation optimization, delivery service improvement, national expansion, trading partner collaboration and regulatory compliance as other means of improving multi-channel product distribution at House of Eden (U) ltd.

4.5 Discussion of the findings

This section provides an analytical discussion and interpretation of the research findings. This builds on section 4.4 and where appropriate inferences are made to prepositions made by earlier authors in this area.

4.5.1 Multi-channel product distribution performance at House of Eden Uganda ltd.

The study findings were in agreement with the fact that efficiency in distribution nodes promotes business and that there is better information, products and services flow between manufacturer and consumer with more distribution nodes. This seems to concur with earlier studies, for example Khan, Bakkappa, Bhimaraya and Sahay (2009), who asserted that business organisations' operating efficiency depended on how well the distribution nodes and strategies are organised and therefore, it is not surprising that organisations like House of Eden Uganda Ltd who acknowledged the value of multi-channel product distribution enjoy associated benefits like better information and product flow in the market. Besides, poor management practices in the multi-channel product distribution is said to create an array distractions across the supply chain. However, it is contrary to the finding that respondents were uncertain as to whether the improved competitive edge enjoyed by House of Eden Uganda Ltd could be entirely attributed to multi-channel distribution. Competitiveness is a broad aspect in firm transformation which could not be attributed to a single factor. Thus respondents in our discussions raised other factors like the good management system, ever improving quality of House of Eden's products and expansion in the product line as other possible factors for the improvement in the competitive edge of the firm.

This study established that multi-channel distribution minimizes costs and ensures that there are increased sales and profits. This arises out of the established channels that create more linkages of the Eden Product to the market. One respondent said this has 'diversified opportunity' for the Eden products to sell more. The establishment concurs with Schary and Backer (1976), study that also established a positive relationship between multi-channel distribution and sales growth and profitability. The minimized costs arise out of the liberty to substitute high for low cost channels and the increased number means linking company with market sections, reduced business risks and aggregated cost sharing in terms of say transportation and advertising. Regional supplies are based on individual collective transportation fairs by individual agents in the region. It was realized that House of Eden enjoys more linkages to different market sections with multi distribution channels. The diverse channels including agents/ product distributors in the different regions of the country including a presence in the Eastern, Western, Northern and Central parts of the region as established by this study means that Eden has realized the benefits of having a wider market presence. The wider market presence is a stride towards being among the dominant market distributors in the beverage industry which is associated with benefits like increased brand awareness (Myers, 2003). The business sources have diversified with multichannel distribution at House of Eden (U) Limited as per the study results. Myers (2003) argues that that as the firm improves on its products' market presence and market coverage, brand awareness is enhanced but Merrilees (2007) established that there was a positive relationship between brand awareness and sales growth. Sales are said to emanate from established business sources. Thus, multi-channel product distribution at House of Eden (U) limited partially explaining the diversified business sources.

Furthermore, the study established that multi-channel distribution have increased market intelligence for House of Eden (U) Ltd. Jaworski and Kohli (1993), had earlier argued that channel members with better intelligence than their competitors are arguably more market oriented and enjoy an advantage in both forming and implementing marketing strategies. Besides, Huber (1990) associated market intelligence with reduction in decision making uncertainty. Thus Eden enjoys swift decision making which is a key strategy for winning firms as informed decision reduce risks associated with un-informed decision makers. The study showed that there is increased brand awareness through advertising by the multi-channel product distribution. This arises out of the finding that House of Eden distributes her products through established agents, has started e-business venturing with linkages to the company website where the firms product lines are displayed, the firm has an outlet at the factory where final consumers walk in purchase products. Nonetheless, the products presence across the four regions of the country (Northern, Western, Eastern and Central) evidenced by the presence of regional distributors' increases the national awareness of the firms' products. The distribution trucks are labelled with product images which are displayed on the trucks end route to the different regional locations.

4.5.2 Multi-channel product distribution management practices

The study established that House of Eden (U) Ltd influences her channels' beliefs, attitudes, and behaviours. Literature indicates that firms which practice this aim at maintaining the channel relationship to achieve desired goals (Frazier 1983a). Once all the distribution channels have a common belief, attitudes and behaviors, it is easy for them to formulate common destiny and craft standard and related means of achieving them. This is said

to promote trust, commitment, and relational behavior because of the common interests, attention, and support found in such channel relationships Gundlach and Cadotte (1994). It was revealed in the findings that there is high joint power is practiced amongst the channels and that Eden keeps the channels under a mutual dependence relationship. This is a reflection of reduced operational challenges amongst the channels because when each firm possesses a low level of dependence in a multi-channel distribution relationship, interdependence is low in magnitude. Scheer, and Steenkamp (1995a), reasoned that in such cases, the amount of attention and support each firm gives the other is likely to be very low, commitment is likely to be low, while trust is likely constrained by limited opportunities for interaction among boundary personnel.

The results indicated that there was uncertainty regarding whether Eden sends employees unannounced to different intermediary locations to monitor their performance. House of Eden ought to re-enforce this management practice as it will supplement the role of agents and other feedback channels available to the firm. Consequently, decision making will improve regarding the key operational performance areas which would result into competitive advantage to House of Eden Uganda Ltd. Uncertainty was expressed in the results regarding whether Eden moderates the amount, medium and direction of communication amongst channels. Unless Eden comes out to significantly moderate the amount, medium and direction of communication amongst the distribution channels, the business channels shall stay in a competitive relationship as each business firm strives to achieve business growth, profitability and survival irrespective of whether it is at expense of the other business channels. A common medium, amount and direction of communication across the channels is said to involve joint planning efforts, performance appraisals, and outcome-based and behavior-based coordination efforts (Frazier & Sheth 1985).

In a similar way, the findings that there was uncertainty regarding whether House of Eden (U) ltd moderates outcome-based and behavior-based coordination amongst Channels. By not moderating the outcome based and behaviour based coordination amongst channels of distribution, the House of Eden Uganda Limited risks not enabling the distribution channels in re-orienting and influencing their channel member belief-attitude-intention formation in relation to individual channel programs and the adoption of new products. It was revealed that the channels do not undertake joint planning. Out of the shared intelligence gathered from the multi-channel product distribution approaches, it is highly detrimental for channels not to undertake joint planning as the formulation of strategies to mitigate the shortfalls in the distribution nodes will be affected. To this effect Jaworski and Kohli (1993), reasoned that channel members with better intelligence than their competitors should be more joint planning oriented and enjoy an advantage in both forming and implementing marketing strategies. And as this joint planning is effected between the upstream and downstream distribution channel members, the supplier firm stands more chances of profiting from multi-channel distribution patterns.

Distribution channels do not collectively discuss performance appraisals was another finding by this study. Literature indicates that knowing that a manufacturer is keeping track of certain performance outcomes; a distributor agency may be prone to focus more attention and resources on achieving them (www.advanceddistribution.com). However, a collective discussion on ways of better achieving the performance interests the distributor firm amongst all the distribution agents is of prime advantage to distributor firm. This promotes brainstorming of ideas which exposes the distributor firm to a variety of ways of improving product distribution in the market. House of Eden (U) Ltd distribution channels share intelligence collected across the board and that House of Eden influences decision making and behavior across the distribution channels. The argument for sharing intelligence has been based on the desire for channel members to get involved in joint planning efforts, performance appraisals, and outcome-based and behavior-based coordination efforts. The decisions by these channels are henceforth aimed at as argued by Frazier & Sheth (1985), enabling the distribution channels in re-orienting and influencing their channel member belief-attitude-intention formation in relation to individual channel programs and the adoption of new products. This study also realized that House of Eden (U) Ltd focuses deeply on the needs and preferences of end customers and centres on competitor initiatives. This is attributed to the information sharing ability amongst all distribution channels. And this study also established that House of Eden (U) Ltd initiates product cost saving strategies for the channels. It is worth mentioning that the shared information enables Eden come up with strategies on how costs could be reduced. For example transportation costs according to one of our respondents could be reduced through shared delivery trucks to the regional agents.

4.5.3 Challenges to multi-channel product distribution activities.

This study established that multi-channel product distribution faces a number of challenges including; (1) difficulty in coordinating multi-channels' activities by House of Eden (U) ltd. Multi-channel distribution presents the supplier firm with a variety of fronts to keep abreast with activities transpiring. This extends beyond the potential of multiple channels to increase the efficiency of advertising (e.g., television advertising can drive

traffic to stores, telephone centers, or Web sites). In many categories, customers may "shop" in one channel and buy in another (Frambach, Roest, & Krishnan 2007 and Verhoef, Neslin, & Vroomen 2007). This may call for supplier firm enlisting more staff to monitor the activities which increases the cost of management as it requires some experienced staff to be recruited. Experienced and skilled staff is indeed costly. This directly impacts on the firm profitability as more resources are diverted towards offsetting the costs. (2) Competition amongst the channels reduces Eden's pricing power. This is likely to arise as an additional distribution channel impact the sales of existing channels, rather than growing total sales. In case the channels resort to price wars as result of a channel out competing the other, then Eden's pricing powers are reduced as price would have been turned into a marketing gimmick. (3) The complexity of channels of distribution creates coherence problems. Examples of distribution channels have been identified as E-distribution, business agent/ intermediary distributors, factory outlets amongst others. It is also worth noting that these channels operate under diverse and different environments and therefore are influenced by different external and internal environments. It is therefore, difficult creating a common ground for coherence in terms of operation. (4) Inter channel conflicts create management challenges and that the performance of one channel may impact negatively on the other (Cannibalism). Tsay and Agrawal, (2004), cited an example of conflicts arising between channels and more so between different supply chain members, for example a manufacturer competing with its own resellers through a customer-direct Internet channel. Worse still creating a new distribution channel, impacts on the sales of an existing distribution channel in the same market segment. This has been argued as business cannibalism by Webb (2002).

4.5.4 Recommendations to the challenges in multi-channel product distribution

To improve the cross channel information flow, House of Eden needs to deliberately leverage cross-channel information and marketing research from one channel to improve decisions in other channels. Routinely, multichannel retailers may be able to gather information on customers or purchase patterns in one channel to improve sales in another. For example, online sales may yield information on the conversation rates between display and sales for various products that inform the choice of products for valuable in-store display space. Since online displays and conversions are often faster, easier, and cheaper to manipulate and monitor, the entire channel may be made more productive with information sharing of this nature.

To curb cross channel competition, this study suggests that House of Eden (U) ltd establishes a presence in multiple channels to complement the pricing strategy of the other channels. Chiang, Chhajed, & Hess (2003), illustrated in an example of showcase stores, such as those maintained by Nike, Sony, and Levi's, they have helped to establish reference prices for other channels. When the same companies begin to sell online, direct to consumer, the prices they charge in this channel may help control the threat of double marginalization.

This study suggests digitization should be adopted in order to check the ever increased costs incurred by House of Eden on human resources. Specifically, digitization of products such as operating manuals, bills, warranty documents, and registrations and using the Internet to distribute and/or process them can reduce personnel costs in all channels. In addition, the production and distribution of these products through online channels increases the convenience for customers and frees up service personnel for more profitable and higher value-added customer interactions.

This study further suggests the development and adoption of shared common physical assets and operations to curb the high costs of operation associated with multi-channel distribution. As earlier argued by Neslin & Shankar (2009), spreading fixed costs across channels can create economies of scale and scope. They gave an example of when Progressive Insurance developed a database that enabled quick and accurate price comparisons with competitors, that capability was extended from inbound telephone channels to the Web, and then to agents. Progressive's Web site allows customers recruited by agents to check bills and add coverage. A cross-channel return policy also creates cross-selling opportunities, because retailers can encourage customers to shop in the stores when they come to return online and catalog orders. Neslin &Shankar (2009) further reported that one firm experienced a 20% increase in sales from stores after using stores to accept returns from online sales.

5. CONCLUSION

Multi-channel product distribution at House of Eden (U) Ltd presents the firm with diverse opportunities to improve performance. In line with the study's objectives of establishing the performance of multi-channel product distribution at house of Eden (U) Ltd, establishing the management practices of multi-channel product distribution and identifying challenges and suggesting possible solutions to those challenges, the findings affirmed that (1) Efficiency in distribution nodes promotes business and that there is need for better information,

products and services flow between manufacturer and consumer with more distribution nodes. House of Eden (U) Limited should uphold practices that result into efficiency across all the distribution nodes and look at capitalizing on strategies that lead to better information, products and services flow. (2) Uncertainty regarding multi-channel distribution has improved House of Eden (U) Ltd's competitive edge. House of Eden (U) Limited needs to work on improving areas like cross channel pricing, cross channel communication and collective marketing so as to realise the direct benefits associated with multi-channel distribution and improve the firm's competitive edge. (3) At House of Eden (U) Ltd, multi-channel distribution has aided firm's efforts to minimize costs and ensuring that there are increased sales and profits. House of Eden (U) now enjoys more linkages to different market sections, business sources have diversified and there is increased market intelligence- these reflect a positive impact between multi-channel product distribution and the firm's performance. (4) There is high joint power amongst the channel distribution points, which keeps them under a mutual dependence relationship. This makes the channels to have common operational goals. Despite all this, (5) the challenges associated with multi-channel activities within House of Eden (U) ltd are diverse; there is difficulty in coordinating multi-channels' activities and this often resulted into inter channel conflicts which created management challenges, competition amongst the channels which threatened the firm's pricing power, Interchannel conflicts, lack of data integration and unpredictable consumer analytics.

5.1 Recommended areas for possible future research work

This research acknowledges the fact that research in multi-channel product distribution in developing economies but more so in the African continent is still meager, despite the increasing importance of the multi-channel product distribution strategies in supporting and boosting firm performance in the 'multi-product businesses' in manufacturing and distribution sectors. Further empirical research works could be carried out to determine (1) the impact of multi-channel product distribution on financial performance of manufacturing entities, (2) how multi-channel product distribution companies should organize themselves to attract and retain more customers, (3) and probably Organizational restructuring in multi-channel product distribution; how is channel corporation best promoted and upheld?

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